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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

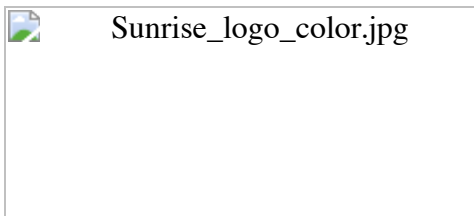
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2026**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

Commission File Number: 001-41971



**SUNRISE REALTY TRUST, INC.**

(Exact name of registrant as specified in its charter)

**Maryland**

**93-3168928**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

**525 Okeechobee Blvd., Suite 1650, West Palm Beach, FL 33401**

(Address of principal executive offices) (Zip Code)

**(561) 530-3315**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                             | Trading Symbol(s) | Name of each exchange on which registered |
|-------------------------------------------------|-------------------|-------------------------------------------|
| <b>Common Stock, \$0.01 par value per share</b> | <b>SUNS</b>       | <b>The Nasdaq Stock Market LLC</b>        |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☒ Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

| <u>Class</u>                             | <u>Outstanding at August 3, 2026</u> |
|------------------------------------------|--------------------------------------|
| Common stock, \$0.01 par value per share | 13,515,851                           |

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## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

#### SUNRISE REALTY TRUST, INC. CONSOLIDATED BALANCE SHEETS

|                                                                                                                                                                                                                                | As of                 |                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                                                                                                                                | June 30, 2026         | December 31, 2025     |
|                                                                                                                                                                                                                                | (unaudited)           |                       |
| <b>Assets</b>                                                                                                                                                                                                                  |                       |                       |
| Loans held for investment at carrying value, net                                                                                                                                                                               | \$ 296,753,498        | \$ 302,674,743        |
| Current expected credit loss reserve                                                                                                                                                                                           | (932,221)             | (1,891,170)           |
| Loans held for investment at carrying value, net of current expected credit loss reserve                                                                                                                                       | 295,821,277           | 300,783,573           |
| Cash and cash equivalents                                                                                                                                                                                                      | 5,593,575             | 6,445,328             |
| Interest receivable                                                                                                                                                                                                            | 2,539,215             | 2,264,133             |
| Investment in unconsolidated real estate joint venture                                                                                                                                                                         | 25,925,934            | —                     |
| Prepaid expenses and other assets                                                                                                                                                                                              | 843,591               | 735,230               |
| <b>Total assets</b>                                                                                                                                                                                                            | <b>\$ 330,723,592</b> | <b>\$ 310,228,264</b> |
| <b>Liabilities</b>                                                                                                                                                                                                             |                       |                       |
| Accrued interest                                                                                                                                                                                                               | \$ 809,047            | \$ 730,644            |
| Dividends payable                                                                                                                                                                                                              | 4,055,220             | 4,026,296             |
| Current expected credit loss reserve                                                                                                                                                                                           | 176,639               | 178,066               |
| Accrued management and incentive fees                                                                                                                                                                                          | 878,995               | 692,716               |
| Accrued direct administrative expenses                                                                                                                                                                                         | 891,346               | 282,296               |
| Accounts payable and other liabilities                                                                                                                                                                                         | 414,260               | 355,865               |
| Line of credit payable                                                                                                                                                                                                         | 82,550,000            | 102,250,000           |
| Line of credit payable to affiliate                                                                                                                                                                                            | 59,100,000            | 19,750,000            |
| <b>Total liabilities</b>                                                                                                                                                                                                       | <b>148,875,507</b>    | <b>128,265,883</b>    |
| <b>Commitments and contingencies (Note 8)</b>                                                                                                                                                                                  |                       |                       |
| <b>Shareholders' equity</b>                                                                                                                                                                                                    |                       |                       |
| Preferred stock, par value \$0.01 per share, 10,000 shares authorized at June 30, 2026 and December 31, 2025 and 0 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively                          | —                     | —                     |
| Common stock, par value \$0.01 per share, 50,000,000 shares authorized at June 30, 2026 and December 31, 2025 and 13,517,402 and 13,420,986 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively | 135,174               | 134,210               |
| Additional paid-in capital                                                                                                                                                                                                     | 187,411,971           | 186,745,489           |
| Accumulated (deficit) earnings                                                                                                                                                                                                 | (5,699,060)           | (4,917,318)           |
| <b>Total shareholders' equity</b>                                                                                                                                                                                              | <b>181,848,085</b>    | <b>181,962,381</b>    |
| <b>Total liabilities and shareholders' equity</b>                                                                                                                                                                              | <b>\$ 330,723,592</b> | <b>\$ 310,228,264</b> |

See accompanying notes to the unaudited interim consolidated financial statements



**SUNRISE REALTY TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

|                                                                | Three months ended<br>June 30, |                     | Six months ended<br>June 30, |                     |
|----------------------------------------------------------------|--------------------------------|---------------------|------------------------------|---------------------|
|                                                                | 2026                           | 2025                | 2026                         | 2025                |
| <b>Revenue</b>                                                 |                                |                     |                              |                     |
| Interest income                                                | \$ 8,564,695                   | \$ 6,752,679        | \$ 18,837,381                | \$ 11,711,202       |
| Interest expense                                               | (2,745,781)                    | (1,083,212)         | (5,713,418)                  | (1,419,371)         |
| <b>Net interest income</b>                                     | <b>5,818,914</b>               | <b>5,669,467</b>    | <b>13,123,963</b>            | <b>10,291,831</b>   |
| <b>Expenses</b>                                                |                                |                     |                              |                     |
| Management and incentive fees                                  | 878,995                        | 689,140             | 2,514,131                    | 689,140             |
| General and administrative expenses                            | 809,783                        | 659,957             | 1,552,882                    | 1,413,083           |
| Stock-based compensation                                       | 297,484                        | 259,066             | 667,446                      | 502,687             |
| Professional fees                                              | 231,666                        | 234,497             | 474,885                      | 643,029             |
| <b>Total expenses</b>                                          | <b>2,217,928</b>               | <b>1,842,660</b>    | <b>5,209,344</b>             | <b>3,247,939</b>    |
| Provision for current expected credit losses                   | (557,248)                      | (468,493)           | (617,531)                    | (586,141)           |
| Equity in earnings of unconsolidated real estate joint venture | 32,287                         | —                   | 32,287                       | —                   |
| <b>Net income before income taxes</b>                          | <b>3,076,025</b>               | <b>3,358,314</b>    | <b>7,329,375</b>             | <b>6,457,751</b>    |
| Income tax expense                                             | —                              | —                   | —                            | —                   |
| <b>Net income</b>                                              | <b>\$ 3,076,025</b>            | <b>\$ 3,358,314</b> | <b>\$ 7,329,375</b>          | <b>\$ 6,457,751</b> |
| <b>Earnings per common share:</b>                              |                                |                     |                              |                     |
| Basic                                                          | \$ 0.23                        | \$ 0.25             | \$ 0.54                      | \$ 0.52             |
| Diluted                                                        | \$ 0.23                        | \$ 0.25             | \$ 0.54                      | \$ 0.52             |
| <b>Weighted average number of common shares outstanding:</b>   |                                |                     |                              |                     |
| Basic                                                          | 13,329,968                     | 13,235,823          | 13,324,626                   | 12,227,520          |
| Diluted                                                        | 13,346,375                     | 13,259,762          | 13,335,822                   | 12,245,128          |

See accompanying notes to the unaudited interim consolidated financial statements

**SUNRISE REALTY TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(unaudited)

**Three Months Ended June 30, 2026**

|                                                        | Common Stock      |                   | Additional<br>Paid-In<br>Capital | Accumulated<br>Earnings<br>(Deficit) | Total<br>Shareholders'<br>Equity |
|--------------------------------------------------------|-------------------|-------------------|----------------------------------|--------------------------------------|----------------------------------|
|                                                        | Shares            | Amount            |                                  |                                      |                                  |
| <b>Balance as of March 31, 2026</b>                    | <b>13,519,655</b> | <b>\$ 135,197</b> | <b>\$ 187,114,464</b>            | <b>\$ (4,719,865)</b>                | <b>\$ 182,529,796</b>            |
| Stock-based compensation, net of forfeitures           | (2,253)           | (23)              | 297,507                          | —                                    | 297,484                          |
| Dividends declared on common shares (\$0.30 per share) | —                 | —                 | —                                | (4,055,220)                          | (4,055,220)                      |
| Net income                                             | —                 | —                 | —                                | 3,076,025                            | 3,076,025                        |
| <b>Balance as of June 30, 2026</b>                     | <b>13,517,402</b> | <b>\$ 135,174</b> | <b>\$ 187,411,971</b>            | <b>\$ (5,699,060)</b>                | <b>\$ 181,848,085</b>            |

**Three Months Ended June 30, 2025**

|                                                        | Common Stock      |                   | Additional<br>Paid-In<br>Capital | Accumulated<br>Earnings<br>(Deficit) | Total<br>Shareholders'<br>Equity |
|--------------------------------------------------------|-------------------|-------------------|----------------------------------|--------------------------------------|----------------------------------|
|                                                        | Shares            | Amount            |                                  |                                      |                                  |
| <b>Balance as of March 31, 2025</b>                    | <b>13,421,494</b> | <b>\$ 134,215</b> | <b>\$ 186,555,228</b>            | <b>\$ (1,881,345)</b>                | <b>\$ 184,808,098</b>            |
| Stock-based compensation, net of forfeitures           | (318)             | (3)               | 259,069                          | —                                    | 259,066                          |
| Dividends declared on common shares (\$0.30 per share) | —                 | —                 | —                                | (4,026,353)                          | (4,026,353)                      |
| Issuance of common stock, net of offering costs        | —                 | —                 | (76,524)                         | —                                    | (76,524)                         |
| Net income                                             | —                 | —                 | —                                | 3,358,314                            | 3,358,314                        |
| <b>Balance as of June 30, 2025</b>                     | <b>13,421,176</b> | <b>\$ 134,212</b> | <b>\$ 186,737,773</b>            | <b>\$ (2,549,384)</b>                | <b>\$ 184,322,601</b>            |

See accompanying notes to the unaudited interim consolidated financial statements

**SUNRISE REALTY TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(unaudited)

**Six Months Ended June 30, 2026**

|                                                        | Member's<br>Equity | Common Stock<br>Shares | Common Stock<br>Amount | Additional<br>Paid-In<br>Capital | Accumulated<br>Earnings<br>(Deficit) | Total<br>Shareholders'<br>Equity |
|--------------------------------------------------------|--------------------|------------------------|------------------------|----------------------------------|--------------------------------------|----------------------------------|
| <b>Balance as of December 31, 2025</b>                 | \$ —               | 13,420,986             | \$ 134,210             | \$186,745,489                    | \$ (4,917,318)                       | \$181,962,381                    |
| Issuance of common stock, net of offering costs        | —                  | —                      | —                      | —                                | —                                    | —                                |
| Stock-based compensation, net of forfeitures           | —                  | 96,416                 | 964                    | 666,482                          | —                                    | 667,446                          |
| Dividends declared on common shares (\$0.60 per share) | —                  | —                      | —                      | —                                | (8,111,117)                          | (8,111,117)                      |
| Net income                                             | —                  | —                      | —                      | —                                | 7,329,375                            | 7,329,375                        |
| <b>Balance as of June 30, 2026</b>                     | <u>\$ —</u>        | <u>13,517,402</u>      | <u>\$ 135,174</u>      | <u>\$187,411,971</u>             | <u>\$ (5,699,060)</u>                | <u>\$181,848,085</u>             |

**Six Months Ended June 30, 2025**

|                                                        | Member's<br>Equity | Common Stock<br>Shares | Common Stock<br>Amount | Additional<br>Paid-In<br>Capital | Accumulated<br>Earnings<br>(Deficit) | Total<br>Shareholders'<br>Equity |
|--------------------------------------------------------|--------------------|------------------------|------------------------|----------------------------------|--------------------------------------|----------------------------------|
| <b>Balance as of December 31, 2024</b>                 | \$ —               | 7,004,676              | \$ 70,047              | \$115,022,034                    | \$ (954,334)                         | \$114,137,747                    |
| Issuance of common stock, net of offering costs        | —                  | 6,400,000              | 64,000                 | 71,213,217                       | —                                    | 71,277,217                       |
| Stock-based compensation, net of forfeitures           | —                  | 16,500                 | 165                    | 502,522                          | —                                    | 502,687                          |
| Dividends declared on common shares (\$0.60 per share) | —                  | —                      | —                      | —                                | (8,052,801)                          | (8,052,801)                      |
| Net income                                             | —                  | —                      | —                      | —                                | 6,457,751                            | 6,457,751                        |
| <b>Balance as of June 30, 2025</b>                     | <u>\$ —</u>        | <u>13,421,176</u>      | <u>\$ 134,212</u>      | <u>\$186,737,773</u>             | <u>\$ (2,549,384)</u>                | <u>\$184,322,601</u>             |

See accompanying notes to the unaudited interim consolidated financial statements

**SUNRISE REALTY TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

|                                                                                                    | Six months ended<br>June 30, |                      |
|----------------------------------------------------------------------------------------------------|------------------------------|----------------------|
|                                                                                                    | 2026                         | 2025                 |
| <b>Operating activities:</b>                                                                       |                              |                      |
| Net income                                                                                         | \$ 7,329,375                 | \$ 6,457,751         |
| <b>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</b> |                              |                      |
| Provision for current expected credit losses                                                       | 617,531                      | 586,141              |
| Amortization of deferred financing costs                                                           | 700,360                      | 173,931              |
| Accretion of deferred loan original issue discount and premium, net                                | (1,663,895)                  | (615,227)            |
| Stock-based compensation                                                                           | 667,446                      | 502,687              |
| Interest drawn on loans                                                                            | (6,364,993)                  | (8,103,971)          |
| PIK interest                                                                                       | (78,549)                     | (10,405)             |
| Equity in earnings of unconsolidated real estate joint venture                                     | (32,287)                     | —                    |
| <b>Changes in operating assets and liabilities:</b>                                                |                              |                      |
| Interest receivable                                                                                | (275,082)                    | (971,333)            |
| Prepaid expenses and other assets                                                                  | (295,831)                    | 248,624              |
| Accrued interest                                                                                   | 78,403                       | 241,492              |
| Accrued management and incentive fees                                                              | 186,279                      | 296,077              |
| Accrued direct administrative expenses                                                             | 609,050                      | (40,337)             |
| Accounts payable and other liabilities                                                             | 58,395                       | (2,768)              |
| <b>Net cash provided by (used in) operating activities</b>                                         | <b>1,536,202</b>             | <b>(1,237,338)</b>   |
| <b>Cash flows from investing activities:</b>                                                       |                              |                      |
| Issuance of and fundings on loans                                                                  | (108,315,156)                | (120,416,392)        |
| Contributions to unconsolidated real estate joint venture                                          | (1,258,647)                  | —                    |
| Principal repayment of loans                                                                       | 96,130,931                   | 11,542,613           |
| <b>Net cash used in investing activities</b>                                                       | <b>(13,442,872)</b>          | <b>(108,873,779)</b> |
| <b>Cash flows from financing activities:</b>                                                       |                              |                      |
| Proceeds from sale of common stock                                                                 | —                            | 72,588,000           |
| Payment of offering costs - equity offering                                                        | —                            | (455,889)            |
| Payment of financing costs                                                                         | (512,890)                    | (217,731)            |
| Borrowings on revolving credit facilities                                                          | 115,750,000                  | 106,360,000          |
| Repayment of revolving credit facilities                                                           | (96,100,000)                 | (240,250,000)        |
| Dividends paid to common shareholders                                                              | (8,082,193)                  | (6,968,412)          |
| <b>Net cash provided by (used in) financing activities</b>                                         | <b>11,054,917</b>            | <b>(68,944,032)</b>  |
| <b>Net decrease in cash and cash equivalents</b>                                                   | <b>(851,753)</b>             | <b>(179,055,149)</b> |
| <b>Cash and cash equivalents, beginning of period</b>                                              | <b>6,445,328</b>             | <b>184,626,770</b>   |
| <b>Cash and cash equivalents, end of period</b>                                                    | <b>\$ 5,593,575</b>          | <b>\$ 5,571,621</b>  |
| <b>Supplemental disclosure of non-cash activity:</b>                                               |                              |                      |
| OID withheld from funding of loans                                                                 | \$ 903,136                   | \$ 1,366,528         |
| Non-cash investment in unconsolidated real estate joint venture                                    | \$ 24,635,000                | \$ —                 |
| Dividends declared and not yet paid                                                                | \$ 4,055,220                 | \$ 4,026,353         |
| <b>Supplemental information:</b>                                                                   |                              |                      |
| Interest paid during the period                                                                    | \$ 4,934,655                 | \$ 1,003,948         |
| Income taxes paid during the period                                                                | \$ —                         | \$ —                 |

See accompanying notes to the unaudited interim consolidated financial statements



**SUNRISE REALTY TRUST, INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**As of June 30, 2026**  
**(unaudited)**

**1. ORGANIZATION**

Sunrise Realty Trust, Inc. (the “Company” or “SUNS”) was formed on August 28, 2023, and converted from a Delaware limited liability company to a Maryland corporation in February 2024. The Company is an institutional lender that provides debt capital solutions to the commercial real estate (“CRE”) market in the Southern United States, with a primary focus on opportunities in Arizona, Florida, Georgia, Nevada, North Carolina, South Carolina, Tennessee and Texas. The Company focuses on originating, underwriting and managing CRE debt investments and providing capital to high-quality borrowers and sponsors with transitional business plans collateralized by CRE assets with opportunities for near-term value creation, as well as recapitalization opportunities. The Company intends to further diversify its investment portfolio, targeting investments in senior mortgage loans, mezzanine loans, B-notes, commercial mortgage-backed securities (“CMBS”) and debt-like preferred equity securities across CRE asset classes. The Company intends for its investment mix to include high quality residential (including multi-family, condominiums and single-family residential communities), retail, office, hospitality, industrial, mixed-use and specialty-use real estate. The Company operates in one operating segment.

SUNS is externally managed and advised by Sunrise Manager LLC (“SUNS Manager” or the “Manager”), a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The Company consolidates all of its subsidiaries, which are consolidated within the Company’s consolidated financial statements.

The Company has elected to be taxed as a REIT for United States federal income tax purposes under the Internal Revenue Code (the “Code”), commencing with the taxable year ending December 31, 2024. The Company generally will not be subject to United States federal income taxes on its REIT taxable income as long as it annually distributes all of its REIT taxable income prior to the deduction for dividends paid to shareholders and complies with various other requirements as a REIT.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying unaudited interim consolidated financial statements should be read in conjunction with the audited financial statements and results of operations included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the U.S. Securities and Exchange Commission (“SEC”) on March 12, 2026 (“Annual Report on Form 10-K”).

Refer to Note 2 to the Company’s Annual Report on Form 10-K for a description of the Company’s significant accounting policies. The Company has included disclosures below regarding basis of presentation and other accounting policies that (i) are required to be disclosed quarterly, (ii) have material changes or (iii) the Company views as critical as of the date of this report.

***Basis of Presentation***

The accompanying unaudited interim consolidated financial statements and related notes have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and in conformity with the rules and regulations of the SEC applicable to interim financial information and include the accounts of the Company and its wholly-owned subsidiaries. The unaudited interim consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary for the fair presentation of the Company’s results of operations and financial condition as of and for the periods presented. All intercompany balances and transactions have been eliminated in consolidation.

***Use of Estimates in the Preparation of Financial Statements***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. Significant estimates include the current expected credit losses reserve (“CECL Reserve”) and the valuation of real estate owned (“REO”) acquired through foreclosure proceedings.



### ***Equity Method Investments***

The Company accounts for its investment in unconsolidated real estate joint ventures over which it has the ability to exercise significant influence, but does not control, under the equity method of accounting in accordance with ASC 323, Investments—Equity Method and Joint Ventures. Under the equity method, the Company initially records the investment at cost and subsequently adjusts the carrying value of the investment to recognize the Company’s proportionate share of the investee’s earnings or losses, which are included in equity in earnings (loss) of unconsolidated joint ventures in the consolidated statements of operations. For certain equity method investments, the Company records its share of earnings and losses on a one-quarter reporting lag when financial information of the investee is not available on a timely basis. Distributions received from equity method investees are recorded as reductions of the investment balance to the extent they represent returns of investment.

In instances where the Company acquires real estate through foreclosure proceedings and contributes such real estate to an unconsolidated real estate joint venture, the Company initially records its investment in the joint venture at the fair value of the real estate contributed on the date of contribution. Fair value is generally determined based on the appraised value of the underlying real estate, less estimated costs to sell, as applicable.

The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying value of the investment may not be recoverable or that a decline in value may be other-than-temporary. In evaluating whether an other-than-temporary impairment exists, the Company considers various qualitative and quantitative factors, including the financial condition and near-term prospects of the investee, the underlying collateral and asset quality, expected holding period, market conditions and other relevant factors. If the Company determines that a decline in value is other-than-temporary, the investment is written down to its estimated fair value, with the resulting impairment recognized in earnings.

### ***Recent Accounting Pronouncements***

In November 2024, the FASB issued ASU 2024-03—Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (“ASU 2024-03”) and in January 2025, the FASB issued ASU 2025-01—Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date (“ASU 2025-01”), which requires additional disclosure of the nature of expenses included in the income statement as well as disclosures about specific types of expenses included in the expense captions presented in the income statement. ASU 2024-03, as clarified by ASU 2025-01, is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The adoption of ASU 2024-03 is not expected to have a material impact on the Company’s consolidated financial statements.

### **3. LOANS HELD FOR INVESTMENT AT CARRYING VALUE**

As of June 30, 2026 and December 31, 2025, the Company’s portfolio included 14 and 16 loans held at carrying value, respectively. The aggregate originated commitment under these loans was approximately \$377.4 million and \$420.7 million, respectively, and outstanding principal was approximately \$298.7 million and \$305.5 million, respectively, as of June 30, 2026 and December 31, 2025. During the six months ended June 30, 2026, the Company funded approximately \$115.6 million of new loans and additional principal on existing loans and had approximately \$96.1 million of principal repayments of loans held at carrying value. As of June 30, 2026 and December 31, 2025, approximately 96.1% and 96.4%, respectively, of the Company’s loans held at carrying value had floating interest rates. As of June 30, 2026, these floating benchmark rates included one-month Secured Overnight Financing Rate (“SOFR”) quoted at 3.7% and subject to a weighted average floor of 3.9%, and U.S. prime rate quoted at 6.75% and subject to a weighted average floor of 8.0% based on outstanding principal.

The following tables summarizes the Company's loans held at carrying value as of June 30, 2026 and December 31, 2025:

|                                           | As of June 30, 2026                  |                                   |                               |                                                        |
|-------------------------------------------|--------------------------------------|-----------------------------------|-------------------------------|--------------------------------------------------------|
|                                           | Outstanding Principal <sup>(1)</sup> | Original Issue (Discount) Premium | Carrying Value <sup>(1)</sup> | Weighted Average Remaining Life (Years) <sup>(2)</sup> |
| Senior mortgage loans <sup>(3)(4)</sup>   | \$ 222,838,841                       | \$ (1,474,956)                    | \$ 221,363,885                | 1.4                                                    |
| Subordinate debt                          | 75,825,507                           | (435,894)                         | 75,389,613                    | 2.4                                                    |
| <b>Total loans held at carrying value</b> | <b>\$ 298,664,348</b>                | <b>\$ (1,910,850)</b>             | <b>\$ 296,753,498</b>         | <b>1.6</b>                                             |

|                                           | As of December 31, 2025              |                                   |                               |                                                        |
|-------------------------------------------|--------------------------------------|-----------------------------------|-------------------------------|--------------------------------------------------------|
|                                           | Outstanding Principal <sup>(1)</sup> | Original Issue (Discount) Premium | Carrying Value <sup>(1)</sup> | Weighted Average Remaining Life (Years) <sup>(2)</sup> |
| Senior mortgage loans <sup>(3)(4)</sup>   | \$ 282,678,920                       | \$ (2,803,998)                    | \$ 279,874,922                | 1.9                                                    |
| Subordinate debt                          | 22,834,265                           | (34,444)                          | 22,799,821                    | 2.4                                                    |
| <b>Total loans held at carrying value</b> | <b>\$ 305,513,185</b>                | <b>\$ (2,838,442)</b>             | <b>\$ 302,674,743</b>         | <b>1.9</b>                                             |

- (1) The difference between the carrying value and the outstanding principal amount of the loans consists of unaccreted OID or premium and loan origination costs.
- (2) Weighted average remaining life is calculated based on the carrying value of each respective group of loans as of June 30, 2026 and December 31, 2025.
- (3) Senior mortgage loans include senior loans that also have a contiguous subordinate loan because as a whole, the expected credit quality of the subordinate loan is more similar to that of a senior loan.
- (4) If the Company holds both the A-note and B-note, the loan is categorized as a senior mortgage loan.

The following table presents changes in loans held at carrying value as of and for the six months ended June 30, 2026:

|                                                                | Principal             | Original Issue (Discount) Premium | Carrying Value        |
|----------------------------------------------------------------|-----------------------|-----------------------------------|-----------------------|
| <b>Total loans held at carrying value at December 31, 2025</b> | <b>\$ 305,513,185</b> | <b>\$ (2,838,442)</b>             | <b>\$ 302,674,743</b> |
| New fundings                                                   | 109,218,292           | (903,136)                         | 108,315,156           |
| Interest drawn on loans                                        | 6,364,993             | —                                 | 6,364,993             |
| Accretion of original issue discount and premium, net          | —                     | 1,663,895                         | 1,663,895             |
| Loan repayments                                                | (96,130,931)          | —                                 | (96,130,931)          |
| Foreclosure and contribution to real estate joint venture      | (26,379,740)          | 166,833                           | (26,212,907)          |
| PIK interest                                                   | 78,549                | —                                 | 78,549                |
| <b>Total loans held at carrying value at June 30, 2026</b>     | <b>\$ 298,664,348</b> | <b>\$ (1,910,850)</b>             | <b>\$ 296,753,498</b> |

As of June 30, 2026, there were no loans in the Company's portfolio on nonaccrual status. As of December 31, 2025, the Company had one loan held at carrying value on nonaccrual status.

In March 2026, the Company derecognized its senior hospitality loan in San Antonio, Texas (the "San Antonio Loan") in connection with the foreclosure on the underlying collateral and the contemporaneous contribution of the acquired real estate to a newly formed

unconsolidated joint venture. In exchange, the Company received an equity interest in the joint venture, which is accounted for under the equity method. The contribution was recorded based on the fair value of the

underlying collateral of approximately \$24.6 million. See Note 6 included in these consolidated financial statements for additional information.

A more detailed listing of the Company's loans held at carrying value portfolio based on information available as of June 30, 2026 is as follows:

| Loan Type                                 | Location               | Outstanding Principal <sup>(1)</sup> | Original Issue (Discount) Premium | Carrying Value <sup>(1)</sup> | Interest Rate           | Maturity Date <sup>(2)</sup> | Payment Terms <sup>(3)</sup> |
|-------------------------------------------|------------------------|--------------------------------------|-----------------------------------|-------------------------------|-------------------------|------------------------------|------------------------------|
| <b>Senior mortgage loans:</b>             |                        |                                      |                                   |                               |                         |                              |                              |
| Residential                               | Palm Beach Gardens, FL | 31,239,158                           | (157,511)                         | 31,081,647                    | 12.25 % <sup>(4)</sup>  | 9/1/2027                     | I/O                          |
| Residential                               | Palm Beach Gardens, FL | 23,609,542                           | (138,980)                         | 23,470,562                    | 10.25 % <sup>(5)</sup>  | 9/1/2027                     | I/O                          |
| Residential                               | Fort Lauderdale, FL    | 19,803,590                           | (69,231)                          | 19,734,359                    | 11.50 % <sup>(6)</sup>  | 12/30/2026                   | I/O                          |
| Hospitality                               | Austin, TX             | 32,000,000                           | (188,889)                         | 31,811,111                    | 9.50 % <sup>(7)</sup>   | 12/11/2027                   | I/O                          |
| Residential                               | Aventura, FL           | 30,750,872                           | (80,220)                          | 30,670,652                    | 9.00 % <sup>(8)</sup>   | 1/27/2027                    | I/O                          |
| Net Leased Tenant                         | New Orleans, LA        | 25,294,251                           | (232,222)                         | 25,062,029                    | 10.10 % <sup>(9)</sup>  | 1/30/2028                    | I/O                          |
| Residential                               | Park City, UT          | 4,965,932                            | (115,625)                         | 4,850,307                     | 11.25 % <sup>(10)</sup> | 8/1/2027                     | I/O                          |
| Residential                               | Miami, FL              | 26,643,711                           | (131,250)                         | 26,512,461                    | 8.40 % <sup>(11)</sup>  | 9/25/2028                    | I/O                          |
| Industrial                                | Doral, FL              | 3,902,832                            | (19,428)                          | 3,883,404                     | 9.95 % <sup>(12)</sup>  | 10/6/2027                    | I/O                          |
| Industrial                                | West Palm Beach, FL    | 1,893,394                            | (108,267)                         | 1,785,127                     | 9.95 % <sup>(12)</sup>  | 10/16/2027                   | I/O                          |
| Retail                                    | Houston, TX            | 22,735,559                           | (233,333)                         | 22,502,226                    | 9.50 % <sup>(13)</sup>  | 10/24/2028                   | I/O                          |
| <b>Subordinate debt:</b>                  |                        |                                      |                                   |                               |                         |                              |                              |
| Residential                               | Miami, FL              | 11,693,918                           | (57,778)                          | 11,636,140                    | 13.25 % <sup>(14)</sup> | 11/15/2027                   | I/O                          |
| Residential                               | Miami, FL              | 19,848,963                           | 37,500                            | 19,886,463                    | 14.50 % <sup>(15)</sup> | 12/13/2028                   | I/O                          |
| Hospitality                               | Diversified            | 44,282,626                           | (415,616)                         | 43,867,010                    | 11.25 % <sup>(16)</sup> | 2/13/2029                    | I/O                          |
| <b>Total loans held at carrying value</b> |                        | <b>\$ 298,664,348</b>                | <b>\$ (1,910,850)</b>             | <b>\$ 296,753,498</b>         |                         |                              |                              |

- (1) The difference between the carrying value and the outstanding principal amount of the loans consists of unaccreted OID or premium and loan origination costs.
- (2) Certain loans are subject to contractual extension options and may be subject to performance based or other conditions as stipulated in the loan agreement. Actual maturities may differ from contractual maturities stated herein as certain borrowers may have the right to prepay with or without paying a prepayment penalty. The Company may also extend contractual maturities and amend other terms of the loans in connection with loan modifications.
- (3) I/O = interest-only.
- (4) Base interest rate of 8.25% plus SOFR (SOFR floor of 4.00%).
- (5) Base interest rate of 6.25% plus SOFR (SOFR floor of 4.00%).
- (6) Cash interest rate represents a blended rate of differing cash interest rates applicable to each of the A-Notes and B-Notes to which the Company is a lender under the credit agreements. The A-Notes bear interest at a base interest rate of 4.75% plus SOFR (SOFR floor of 4.75%) and the B-Notes bear interest at a base interest rate of 11.00% plus SOFR (SOFR floor of 4.75%).
- (7) Base interest rate of 5.50% plus SOFR (SOFR floor of 4.00%).
- (8) Base interest rate of 5.00% plus SOFR (SOFR floor of 4.00%).
- (9) Base interest rate of 5.60% plus SOFR (SOFR floor of 4.50%).
- (10) Base interest rate of 3.25% plus U.S. prime rate (U.S. prime floor of 8.00%).
- (11) Base interest rate of 4.75% plus SOFR (SOFR floor of 3.50%).
- (12) Base interest rate of 6.20% plus SOFR (SOFR floor of 3.75%).
- (13) Base interest rate of 5.75% plus SOFR (SOFR floor of 3.75%).
- (14) Base interest rate of 13.25%.
- (15) Base interest rate of 9.50% plus SOFR (SOFR floor of 4.00%) and PIK interest rate of 1.00%.
- (16) Base interest rate of 8.25% plus SOFR (SOFR floor of 3.00%).



#### 4. CURRENT EXPECTED CREDIT LOSSES

As of June 30, 2026 and December 31, 2025, the Company's CECL Reserve for its loans held at carrying value was approximately \$1.1 million and \$2.1 million, respectively, or 0.37% and 0.68%, respectively, of the Company's total loans held at carrying value of approximately \$296.8 million and \$302.7 million, respectively. The CECL reserve consisted of an allowance on outstanding loan balances of approximately \$0.9 million and \$1.9 million, respectively, and a liability for unfunded loan commitments of approximately \$0.2 million at both June 30, 2026 and December 31, 2025. The liability for unfunded commitments represents expected credit losses on the unfunded portion of loan commitments over the contractual period during which the Company is exposed to credit risk through its obligation to extend credit. In estimating this liability, management considered the likelihood that commitments will be funded and, if funded, the expected credit losses on the funded portion of those commitments.

Activity related to the CECL Reserve for outstanding balances and unfunded commitments on the Company's loans held at carrying value as of and for the three and six months ended June 30, 2026 was as follows:

|                                              | Outstanding <sup>(1)</sup> | Unfunded <sup>(2)</sup> | Total               |
|----------------------------------------------|----------------------------|-------------------------|---------------------|
| <b>Balance at March 31, 2026</b>             | <b>\$ 322,786</b>          | <b>\$ 228,826</b>       | <b>\$ 551,612</b>   |
| Provision for current expected credit losses | 609,435                    | (52,187)                | 557,248             |
| Write-offs                                   | —                          | —                       | —                   |
| Recoveries                                   | —                          | —                       | —                   |
| <b>Balance at June 30, 2026</b>              | <b>\$ 932,221</b>          | <b>\$ 176,639</b>       | <b>\$ 1,108,860</b> |

|                                              | Outstanding <sup>(1)</sup> | Unfunded <sup>(2)</sup> | Total               |
|----------------------------------------------|----------------------------|-------------------------|---------------------|
| <b>Balance at December 31, 2025</b>          | <b>\$ 1,891,170</b>        | <b>\$ 178,066</b>       | <b>\$ 2,069,236</b> |
| Provision for current expected credit losses | 618,958                    | (1,427)                 | 617,531             |
| Write-offs <sup>(3)</sup>                    | (1,577,907)                | —                       | (1,577,907)         |
| Recoveries                                   | —                          | —                       | —                   |
| <b>Balance at June 30, 2026</b>              | <b>\$ 932,221</b>          | <b>\$ 176,639</b>       | <b>\$ 1,108,860</b> |

- (1) As of June 30, 2026 and December 31, 2025, the CECL Reserve related to outstanding balances on loans held at carrying value is recorded within current expected credit loss reserve in the Company's consolidated balance sheets.
- (2) As of June 30, 2026 and December 31, 2025, the CECL Reserve related to unfunded commitments on loans held at carrying value is recorded within current expected credit loss reserve as a liability in the Company's consolidated balance sheets.

- (3) During the six months ended June 30, 2026, the Company wrote off the provision for credit losses associated with the San Antonio Loan that was derecognized in connection with the foreclosure and contribution to a joint venture.

The Company continuously evaluates the credit quality of each loan by assessing the risk factors of each loan and assigning a risk rating based on a variety of factors. Such factors may include property type, geographic and local market dynamics, physical condition, projected cash flow, loan structure and exit plan, loan-to-value ratio, fixed charge coverage ratio, project sponsorship, and other factors deemed necessary by the Company. Based on a 5-point scale, the Company's loans are rated "1" through "5," from less risk to greater risk, which ratings are defined as follows:

| Rating | Definition                                                                                                                                                            |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | Very Low Risk — Investment exceeds performance expectations. Trends and risk factors since time of investment are favorable.                                          |
| 2      | Low Risk — Investment performing consistent with expectations and a full return of principal and interest expected. Trends and risk factors are neutral to favorable. |
| 3      | Medium Risk — Performing investments requiring closer monitoring. Trends and risk factors show some deterioration.                                                    |
| 4      | High Risk/ Potential for Loss — Investment underperforming with the potential of some interest loss. Trends and risk factors are negative.                            |
| 5      | Impaired/ Loss Likely — Investment underperforming with expected loss of interest, and full recovery of principal is unlikely.                                        |

The risk ratings are primarily based on historical data as well as taking into account future economic conditions.

As of June 30, 2026, the carrying value, excluding the CECL Reserve, of the Company's loans held at carrying value within each risk rating by year of origination is as follows:

| <b>Risk Rating:</b>     | <b>2026</b>          | <b>2025</b>           | <b>2024</b>           | <b>Total</b>          |
|-------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| 1                       | \$ —                 | \$ —                  | \$ —                  | \$ —                  |
| 2                       | 43,867,010           | 135,152,669           | 117,733,819           | 296,753,498           |
| 3                       | —                    | —                     | —                     | —                     |
| 4                       | —                    | —                     | —                     | —                     |
| 5                       | —                    | —                     | —                     | —                     |
| <b>Total</b>            | <b>\$ 43,867,010</b> | <b>\$ 135,152,669</b> | <b>\$ 117,733,819</b> | <b>\$ 296,753,498</b> |
| <b>Gross write-offs</b> | <b>\$ —</b>          | <b>\$ —</b>           | <b>\$ (1,577,907)</b> | <b>\$ (1,577,907)</b> |

In March 2026, the Company and its affiliate co-lender exercised their rights to foreclose on the hotel property underlying the San Antonio Loan. Upon foreclosure, the Company derecognized the loan and the related CECL reserve of approximately \$1.6 million. At the time of foreclosure, the San Antonio Loan had an outstanding principal balance of approximately \$26.4 million and an amortized cost basis of approximately \$26.2 million. Prior to foreclosure, the loan had a risk rating of "5." The amortized cost basis of the loan, net of the related CECL reserve, approximated the fair value of the acquired collateral of approximately \$24.6 million, which was subsequently contributed to a newly formed unconsolidated joint venture. See Note 6 included in these consolidated financial statements for additional information.

## 5. INTEREST RECEIVABLE

The following table summarizes the interest receivable balance for the Company as of June 30, 2026 and December 31, 2025:

|                                  | <b>As of<br/>June 30, 2026</b> | <b>As of<br/>December 31, 2025</b> |
|----------------------------------|--------------------------------|------------------------------------|
| Interest receivable              | \$ 2,516,570                   | \$ 2,251,700                       |
| Unused fees receivable           | 6,451                          | 2,203                              |
| PIK receivable                   | 11,554                         | 7,037                              |
| Other fees receivable            | 4,640                          | 3,193                              |
| <b>Total interest receivable</b> | <b>\$ 2,539,215</b>            | <b>\$ 2,264,133</b>                |

## 6. INVESTMENT IN UNCONSOLIDATED REAL ESTATE JOINT VENTURE

In February 2026, the Company and the affiliate co-lender to the San Antonio Loan formed 123 Lex Ave Hotel Holdings LLC (the "Lex Ave JV") based on their respective interests in the San Antonio Loan. On March 3, 2026, following the lenders' exercise of their foreclosure rights, the Lex Ave JV acquired the San Antonio hotel property that served as the underlying collateral for the San Antonio Loan through a credit bid equal to the aggregate unpaid principal balance of the San Antonio Loan of approximately \$40.6 million (the "Lex Ave Hotel Foreclosure").

Following the Lex Ave Hotel Foreclosure, the Company exchanged its 65.0% interest in the San Antonio Loan for a 65.0% equity interest in the Lex Ave JV and recognized real estate owned ("REO") at the lower of the carrying value of the San Antonio Loan and the fair value of the REO. The Company's investment in the Lex Ave JV was initially recognized at the fair value of the contributed REO of approximately \$24.6 million.



Following the Lex Ave Hotel Foreclosure, the Company owns a 65.0% membership interest in the Lex Ave JV. No gain or loss was recognized upon foreclosure and contribution because the Lex Ave Hotel Foreclosure was accounted for as an exchange of the San Antonio Loan for an equity method investment in the Lex Ave JV.

During the three and six months ended June 30, 2026, the Company recognized equity in earnings of approximately \$32.3 thousand, representing its 65.0% share of the Lex Ave JV's net income for the month ended March 31, 2026. The Company records its share of earnings and losses from the Lex Ave JV using a one-quarter reporting lag.

Activity in the Company's investment in the Lex Ave JV during the six months ended June 30, 2026 was as follows:

| Activity                                                       | Six months ended June 30, 2026 |
|----------------------------------------------------------------|--------------------------------|
| Initial contribution of REO                                    | \$ 24,635,000                  |
| Additional capital contributions                               | 1,258,647                      |
| Equity in earnings of unconsolidated real estate joint venture | 32,287                         |
| <b>Ending investment balance at June 30, 2026</b>              | <b>\$ 25,925,934</b>           |

Additional capital contributions primarily related to funding operating costs and capital requirements of the hotel property.

The following table summarizes the Company's investment in its unconsolidated real estate joint venture as of June 30, 2026 and December 31, 2025:

| Entity                         | Date Formed | Ownership % | As of June 30, 2026 | As of December 31, 2025 |
|--------------------------------|-------------|-------------|---------------------|-------------------------|
| 123 Lex Ave Hotel Holdings LLC | 2/27/2026   | 65%         | \$ 25,925,934       | \$ —                    |

On May 21, 2026, the Company, through its investment in the Lex Ave JV, entered into a definitive agreement to sell the San Antonio hotel property. See Note 16 for additional information.

## 7. DEBT

### *Revolving Credit Facility*

On November 6, 2024, the Company entered into a Loan and Security Agreement (as amended, the "Revolving Credit Agreement") with the lenders party thereto and East West Bank, as administrative agent. The Revolving Credit Agreement provides for a senior secured revolving credit facility (the "Revolving Credit Facility") with initial aggregate commitments of \$50.0 million, which may be borrowed, repaid and redrawn, subject to a borrowing base based on eligible loan obligations held by the Company and subject to the satisfaction of other conditions provided under the Revolving Credit Agreement.

During the year ended December 31, 2025, the Company entered into a series of amendments to the Revolving Credit Facility that, among other things, increased the aggregate commitment from \$50.0 million to \$140.0 million.

In February 2026, the Company entered into Amendment Number Seven to the Revolving Credit Facility ("Amendment Number Seven"), by and among the Company and certain subsidiaries, as borrowers, the lenders party thereto, and East West Bank, as administrative agent, which, among other things (i) facilitated the entry of an additional lender; (ii) increased the aggregate commitment by \$25.0 million, for a total maximum revolver usage of \$165.0 million; and (iii) revised the required consent from certain lenders to advance additional funds under the Revolving Credit Agreement. Pursuant to the Revolving Credit Agreement, total commitments may be increased to up to \$200.0 million, subject to borrowing base availability and lender participation. The Revolving Credit Facility matures on November 8, 2027.

Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to SOFR plus 2.75%, subject to a SOFR floor of 2.63%, with an additional 0.25% during any Increase Rate Month (as defined in the Revolving Credit Agreement).

The Company is required to pay certain fees under the Revolving Credit Agreement, including a \$75.0 thousand agent fee and a 0.25% per annum unused commitment fee, payable semi-annually in arrears, subject to waiver if specified utilization thresholds are met. Unused commitment fees were \$17.8 thousand and \$21.9 thousand during the six months ended June 30, 2026 and 2025, respectively. In connection with the Revolving Credit Agreement and related amendments, the Company incurred certain closing costs of approximately \$0.5 million, which were included in prepaid expenses and other assets on the Company's consolidated balance sheets and amortized over the life of the Revolving Credit Facility.

The Revolving Credit Facility is guaranteed by certain material subsidiaries of the Company and is secured by substantially all assets of the Company; provided that upon the meeting of certain conditions, the Revolving Credit Facility will be secured only by certain assets of the Company comprising of or relating to loan obligations designed for inclusion in the borrowing base. In addition, the Company is subject to various financial and other covenants, including a liquidity and debt service coverage ratio covenant. As amended, the Revolving Credit Facility requires us to, among other things: (i) maintain liquidity equal to the greater of (A) \$5 million and (B) an amount equal to 10% of the outstanding obligations thereunder so long as we maintain at least \$5 million in qualified cash, (ii) maintain a quarterly debt service coverage ratio of at least 1.50 to 1.0 and (iii) maintain a leverage ratio of not more than 3.25x measured as of the end of each fiscal quarter. To the best of the Company's knowledge, as of June 30, 2026, the Company was in compliance in all material respects with these covenants.

As of June 30, 2026 and December 31, 2025, outstanding borrowings under the Revolving Credit Facility were \$82.6 million and \$102.3 million, respectively, and \$82.4 million and \$37.7 million were available for borrowing as of June 30, 2026 and December 31, 2025, respectively. As of June 30, 2026 and December 31, 2025, the interest rate on the Company's borrowings under the Revolving Credit Facility was 6.40% and 6.59%, respectively.

#### ***SRTF Credit Facility***

On December 9, 2024, the Company entered into an unsecured revolving credit agreement (the "SRTF Credit Agreement") with SRT Finance LLC, an affiliate, as agent and lender. The SRTF Credit Agreement provides for an unsecured revolving credit facility (the "SRTF Credit Facility") with aggregate commitments of \$75.0 million, which may be borrowed, repaid and redrawn, subject to a draw fee and other customary conditions.

Borrowings under the SRTF Credit Facility bear interest at a rate per annum of 8.00%. The SRTF Credit Facility matures on the earlier of (i) May 31, 2028 and (ii) the closing date of certain Refinancing Indebtedness, as defined in the SRTF Credit Agreement. As amended, beginning January 1, 2026, the Company is required to pay a quarterly fee equal to 0.25% of the aggregate commitments ratably to the lenders, payable on the first business day of each quarter; provided that the fee due and payable on April 1, 2028 will be prorated on the basis of a year of 360 days for the actual number of days elapsed from and including April 1, 2028 until and excluding May 31, 2028.

In connection with the SRTF Credit Agreement, the Company incurred approximately \$25.5 thousand of deferred financing costs, which are included in prepaid expenses and other assets and are amortized over the term of the facility.

As of June 30, 2026 and December 31, 2025, outstanding borrowings under the SRTF Credit Facility were \$59.1 million and \$19.8 million, respectively, and \$15.9 million and \$55.2 million were available for borrowing as of June 30, 2026 and December 31, 2025, respectively.

The following tables reflect a summary of interest expense incurred during the three and six months ended June 30, 2026 and 2025:

| Three months ended June 30, 2026         |                           |                                |                     |
|------------------------------------------|---------------------------|--------------------------------|---------------------|
|                                          | Revolving Credit Facility | SRTF Revolving Credit Facility | Total Borrowings    |
| Interest expense                         | \$ 1,310,576              | \$ 1,061,133                   | \$ 2,371,709        |
| Unused fee expense                       | 17,821                    | —                              | 17,821              |
| Amortization of deferred financing costs | 166,771                   | 189,480                        | 356,251             |
| <b>Total interest expense</b>            | <b>\$ 1,495,168</b>       | <b>\$ 1,250,613</b>            | <b>\$ 2,745,781</b> |

| Three months ended June 30, 2025         |                           |                                |                     |
|------------------------------------------|---------------------------|--------------------------------|---------------------|
|                                          | Revolving Credit Facility | SRTF Revolving Credit Facility | Total Borrowings    |
| Interest expense                         | \$ 937,773                | \$ 17,645                      | \$ 955,418          |
| Unused fee expense                       | 21,913                    | —                              | 21,913              |
| Amortization of deferred financing costs | 104,448                   | 1,433                          | 105,881             |
| <b>Total interest expense</b>            | <b>\$ 1,064,134</b>       | <b>\$ 19,078</b>               | <b>\$ 1,083,212</b> |

| Six months ended June 30, 2026           |                           |                                |                     |
|------------------------------------------|---------------------------|--------------------------------|---------------------|
|                                          | Revolving Credit Facility | SRTF Revolving Credit Facility | Total Borrowings    |
| Interest expense                         | \$ 3,012,748              | \$ 1,982,489                   | \$ 4,995,237        |
| Unused fee expense                       | 17,821                    | —                              | 17,821              |
| Amortization of deferred financing costs | 321,423                   | 378,937                        | 700,360             |
| <b>Total interest expense</b>            | <b>\$ 3,351,992</b>       | <b>\$ 2,361,426</b>            | <b>\$ 5,713,418</b> |

| Six months ended June 30, 2025           |                           |                                |                     |
|------------------------------------------|---------------------------|--------------------------------|---------------------|
|                                          | Revolving Credit Facility | SRTF Revolving Credit Facility | Total Borrowings    |
| Interest expense                         | \$ 1,183,278              | \$ 40,249                      | \$ 1,223,527        |
| Unused fee expense                       | 21,913                    | —                              | 21,913              |
| Amortization of deferred financing costs | 171,081                   | 2,850                          | 173,931             |
| <b>Total interest expense</b>            | <b>\$ 1,376,272</b>       | <b>\$ 43,099</b>               | <b>\$ 1,419,371</b> |

## 8. COMMITMENTS AND CONTINGENCIES

As of June 30, 2026 and December 31, 2025, the Company had the following commitments to fund various investments:

|                                  | As of<br>June 30, 2026 | As of<br>December 31, 2025 |
|----------------------------------|------------------------|----------------------------|
| Total loan commitments           | \$ 377,421,670         | \$ 420,707,524             |
| Less: drawn commitments          | (298,513,237)          | (305,440,623)              |
| <b>Total undrawn commitments</b> | <b>\$ 78,908,433</b>   | <b>\$ 115,266,901</b>      |

The Company from time to time may be a party to litigation in the normal course of business. The Company investigates these claims as they arise. If the potential loss from any claim or legal claim is considered probable and the amount can be estimated, the Company accrues a liability for the estimated loss. As of June 30, 2026, the Company was not aware of any legal claims that could materially impact its business, financial condition or results of operations.

## 9. SHAREHOLDERS' EQUITY

### Preferred Stock

As of June 30, 2026 and December 31, 2025, the Company was authorized to issue up to 10,000 shares of Preferred Stock, par value \$0.01 per share (the "Preferred Stock"), respectively, of which none have been issued. The Board of Directors has the authority, without action by our shareholders, to issue up to 10,000 shares of Preferred Stock in one or more series or classes and to designate the rights, preferences and privileges of each series or class, which may be greater than the rights of Common Stock. There were no shares of Preferred Stock designated or outstanding as of June 30, 2026 and December 31, 2025, respectively.

### Common Stock

As of June 30, 2026 and December 31, 2025, the Company was authorized to issue up to 50,000,000 shares of Common Stock, respectively, and issued 13,517,402 and 13,420,986 shares of Common Stock, respectively.

### Shelf Registration Statement

On August 1, 2025, the Company filed a shelf registration statement on Form S-3 (File No. 333-289188) (the "Shelf Registration Statement"), which was declared effective on August 6, 2025. Under the Shelf Registration Statement, the Company may, from time to time, issue and sell up to \$500.0 million of the Company's common stock, preferred stock, debt securities, warrants and rights (including as part of a unit) to purchase shares of the Company's common stock or preferred stock.

On January 29, 2025, the Company completed a registered public offering of common stock at a public offering price of \$12.00 per share (the "January 2025 Offering"), including a partial exercise of the underwriters' over-allotment option. In aggregate, the Company issued 6,400,000 shares and received total net proceeds of approximately \$70.8 million after underwriting discounts and offering expenses.

### At-the-Market Offering Program ("ATM Program")

On August 13, 2025, the Company entered into an Equity Distribution Agreement (the "Equity Distribution Agreement") by and among the Company, SUNS Manager and Raymond James & Associates, Inc. (the "Sales Agent") under which the Company may, from time to time, offer and sell shares of common stock, having an aggregate offering price of up to \$50.0 million. Under the terms of the Equity Distribution Agreement, the Company has agreed to pay the Sales Agents a commission of up to 2.0% of the gross sales price of common stock sold through the Sales Agents. Sales of common stock, if any, may be made in transactions that are deemed to be "at-the-market" offerings, as defined in Rule 415(a)(4) promulgated under the Securities Act of 1933, as amended (the "Securities Act"). There were no shares issued under the ATM Program during the six months ended June 30, 2026.



## Dividend Reinvestment Plan

On September 3, 2025, the Company established a dividend reinvestment plan (“DRIP”). The DRIP allows shareholders to reinvest all or a portion of their cash dividends in additional shares of the Company’s common stock (which shares, at the Company’s option, are either newly issued directly from the Company or purchased by the plan administrator in the open market). The Company may issue up to 1,000,000 shares of common stock under the DRIP. There were no shares issued under the DRIP during the six months ended June 30, 2026.

## Stock Incentive Plan

The Company maintains the 2024 Stock Incentive Plan (the “2024 Plan”), which provides for the grant of stock options, stock appreciation rights, restricted stock, stock bonuses, stock units and other forms of awards granted or denominated in the Company’s Common Stock or units of Common Stock. The 2024 Plan is intended to provide flexibility to offer competitive incentives and to tailor benefits to specific needs and circumstances. Any award may be structured to be paid or settled in cash. The Company has granted, and currently intends to continue to grant, restricted stock awards to participants in the 2024 Plan, but it may also grant any other type of award available under the 2024 Plan in the future. Persons eligible to receive awards under the 2024 Plan include officers or employees of the Company or any of its subsidiaries, directors of the Company, employees of the Manager and certain directors, consultants and other service providers to the Company or any of its subsidiaries.

During the six months ended June 30, 2026, the Company’s Board of Directors approved grants of restricted stock to the Company’s directors and certain officers, as well as certain employees of the Manager or its affiliates, with an aggregate of 98,669 shares of restricted stock granted to such eligible persons. The restricted stock awards granted during the six months ended June 30, 2026 under the 2024 Plan contain vesting periods that vary from immediately, vesting over a one-year period, and vesting over a three-year period, with approximately 33% vesting on each of the first, second and third anniversaries of the vesting commencement date.

During the six months ended June 30, 2025, the Company’s Board of Directors approved grants of restricted stock to the Company’s directors and certain officers, as well as certain employees of the Manager or its affiliates, with an aggregate of 19,625 shares of restricted stock granted to such eligible persons. The restricted stock awards granted in February 2025 under the 2024 Plan vest over a three-year period, with approximately 33% vesting on each of the first, second and third anniversaries of the vesting commencement date.

As of June 30, 2026, there were 228,370 shares of restricted stock granted under the 2024 Plan.

As of June 30, 2026, the maximum number of shares of the Company’s Common Stock that may be delivered pursuant to awards under the 2024 Plan (the “Share Limit”) equaled 1,191,122 shares, of which 962,752 shares remained available for future issuance under the 2024 Plan.

## Stock Compensation

The following table summarizes the stock-based compensation expense incurred by the Company for the three and six months ended June 30, 2026 and 2025:

|                          | Three months ended<br>June 30, |            | Six months ended<br>June 30, |            |
|--------------------------|--------------------------------|------------|------------------------------|------------|
|                          | 2026                           | 2025       | 2026                         | 2025       |
| Stock-based compensation | \$ 297,484                     | \$ 259,066 | \$ 667,446                   | \$ 502,687 |

*Restricted Stock*

The following table summarizes restricted stock (i) converted, (ii) granted, (iii) vested and (iv) forfeited for the Company's directors and officers and employees of the Manager as of June 30, 2026 and December 31, 2025:

|                | As of          |                   |
|----------------|----------------|-------------------|
|                | June 30, 2026  | December 31, 2025 |
| Converted      | 88,685         | 88,685            |
| Granted        | 233,938        | 135,269           |
| Vested         | (130,131)      | (76,350)          |
| Forfeited      | (5,568)        | (3,315)           |
| <b>Balance</b> | <b>186,924</b> | <b>144,289</b>    |

The fair value of the Company's restricted stock awards is based on the Company's stock price on the date of grant. The following tables summarize the restricted stock activity as of and during the six months ended June 30, 2026:

|                                    | Number of shares of<br>restricted stock | Weighted-average<br>grant date fair value |
|------------------------------------|-----------------------------------------|-------------------------------------------|
| Balance as of December 31, 2025    | 144,289                                 | \$ 12.88                                  |
| Granted                            | 98,669                                  | 9.34                                      |
| Vested                             | (53,781)                                | 11.79                                     |
| Forfeited                          | (2,253)                                 | 9.34                                      |
| <b>Balance as of June 30, 2026</b> | <b>186,924</b>                          | <b>\$ 11.37</b>                           |

The total fair value of shares vested during the six months ended June 30, 2026 was approximately \$0.6 million.

During the six months ended June 30, 2025, 19,625 shares of restricted stock were granted with a weighted-average grant date fair value of \$11.78. During the six months ended June 30, 2025, 34,671 shares of restricted stock vested with a weighted-average grant date fair value of \$13.13. The total fair value of shares vested during the six months ended June 30, 2025 was approximately \$0.5 million.

As of June 30, 2026, there was approximately \$1.5 million of total unrecognized compensation cost related to non-vested restricted stock. That cost is expected to be recognized over a weighted-average period of 1.76 years.

**10. EARNINGS PER SHARE**

The following information sets forth the computations of basic and diluted earnings per common share for the three and six months ended June 30, 2026 and 2025:

|                                                             | Three months ended<br>June 30, |                | Six months ended<br>June 30, |                |
|-------------------------------------------------------------|--------------------------------|----------------|------------------------------|----------------|
|                                                             | 2026                           | 2025           | 2026                         | 2025           |
| Net income                                                  | \$ 3,076,025                   | \$ 3,358,314   | \$ 7,329,375                 | \$ 6,457,751   |
| Dividends paid on unvested restricted stock                 | (57,623)                       | (55,701)       | (100,910)                    | (141,181)      |
| Net income attributable to common shareholders              | 3,018,402                      | 3,302,613      | 7,228,465                    | 6,316,570      |
| Divided by:                                                 |                                |                |                              |                |
| Basic weighted average shares of common stock outstanding   | 13,329,968                     | 13,235,823     | 13,324,626                   | 12,227,520     |
| Weighted average unvested restricted stock                  | 16,407                         | 23,939         | 11,196                       | 17,608         |
| Diluted weighted average shares of common stock outstanding | 13,346,375                     | 13,259,762     | 13,335,822                   | 12,245,128     |
| <b>Basic earnings per common share</b>                      | <b>\$ 0.23</b>                 | <b>\$ 0.25</b> | <b>\$ 0.54</b>               | <b>\$ 0.52</b> |
| <b>Diluted earnings per common share</b>                    | <b>\$ 0.23</b>                 | <b>\$ 0.25</b> | <b>\$ 0.54</b>               | <b>\$ 0.52</b> |

Diluted earnings per common share was computed using the treasury stock method for restricted stock. Diluted earnings per common share excluded 95,475 and 81,850 weighted average shares of unvested restricted stock due to anti-dilutive effect for the three and six months ended June 30, 2026, respectively, and 108,488 and 115,125 for the three and six months ended June 30, 2025, respectively.

## 11. INCOME TAX

The Company elected to be taxed as a REIT for U.S. federal income tax purposes, commencing with the taxable year ending December 31, 2024. The Company believes that we have been organized in conformity with the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws, and that our method of operation enables us to satisfy the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws for such taxable year and thereafter.

So long as the Company qualifies for taxation as a REIT, the Company generally will not be subject to U.S. federal income tax on the portion of our taxable income or capital gain that is distributed to shareholders annually. The Company had no income tax provision for the three and six months ended June 30, 2026 and 2025.

For the three and six months ended June 30, 2026 and 2025, the Company incurred no expense for U.S. federal excise tax. Excise tax represents a 4% tax on the sum of a portion of the Company's ordinary income and net capital gains not distributed during the period. If it is determined that an excise tax liability exists for the current period, the Company will accrue excise tax on estimated excess taxable income as such taxable income is earned. The expense is calculated in accordance with applicable tax regulations.

The Company does not have any unrecognized tax benefits and the Company does not expect that to change in the next 12 months.

## 12. FAIR VALUE

### *Fair Value of Financial Instruments*

GAAP requires disclosure of fair value information about financial instruments, whether or not recognized at fair value in the balance sheets, for which it is practicable to estimate that value.

The following table details the carrying value and fair value of the Company's financial instruments not recognized at fair value in the unaudited interim balance sheets as of June 30, 2026:

|                                                        | As of June 30, 2026 |                |
|--------------------------------------------------------|---------------------|----------------|
|                                                        | Carrying Value      | Fair Value     |
| Financial assets:                                      |                     |                |
| Cash and cash equivalents                              | \$ 5,593,575        | \$ 5,593,575   |
| Loans held for investment, net                         | \$ 296,753,498      | \$ 296,694,357 |
| Investment in unconsolidated real estate joint venture | \$ 25,925,934       | \$ 25,935,000  |

Cash and cash equivalents have a carrying value which approximates their fair value due to the short-term nature of these instruments. The Company categorizes the fair value measurement of these assets as Level 1. The Company's loans held for investment and its investment in unconsolidated real estate joint venture are measured using unobservable inputs, or Level 3 inputs.

## 13. RELATED PARTY TRANSACTIONS

### **Management Agreement**

On February 22, 2024, the Company entered into a management agreement (the "Management Agreement") with SUNS Manager, effective upon the listing of the Company's common stock. Following the listing of the Company's Common Stock on July 9, 2024, the Company became managed by its Board of Directors and executive officers and by SUNS Manager, pursuant to the Management Agreement.



Pursuant to the Management Agreement, the Manager manages the Company's investment activities and day-to-day operations, subject at all times to the further terms and conditions set forth in the Management Agreement and such further limitations or parameters as may be imposed from time to time by the Board of Directors.

The Manager receives base management fees (the "Base Management Fees"), calculated and payable quarterly in arrears, equal to 0.375% of the Company's Equity (as defined in the Management Agreement), subject to certain adjustments, less 50% of the aggregate amount of any other fees ("Outside Fees"), including any agency fees relating to the Company's loans, but excluding the Incentive Compensation (as defined below) and any diligence fees paid to and earned by the Manager and paid by third parties in connection with the Manager's due diligence of potential loans.

Base Management Fees incurred for the three and six months ended June 30, 2026 were approximately \$0.7 million and \$1.4 million, respectively. Base Management Fees incurred for the three and six months ended June 30, 2025 were approximately \$0.7 million and \$1.3 million, respectively. As discussed under "Fee Waiver" below, the Manager waived approximately \$7.3 thousand and \$0.6 million of Base Management Fees for the three and six months ended June 30, 2025, respectively.

In addition to the Base Management Fees, the Manager is entitled to receive incentive compensation (the "Incentive Compensation" or "Incentive Fees") with respect to each fiscal quarter (or portion thereof that the Management Agreement is in effect) based upon the Company's achievement of targeted levels of Core Earnings. "Core Earnings" is defined in the Management Agreement as, for a given period, the net income (loss) for such period, computed in accordance with GAAP, excluding (i) non-cash equity compensation expense, (ii) Incentive Compensation, (iii) depreciation and amortization, (iv) any unrealized gains or losses or other non-cash items that are included in net income for the applicable reporting period, regardless of whether such items are included in other comprehensive income or loss, or in net income and (v) one-time events pursuant to changes in GAAP and certain non-cash charges, in each case after discussions between the Manager and the Company's independent directors and approval by a majority of the independent directors.

Incentive Fees incurred for the three and six months ended June 30, 2026 were approximately \$0.2 million and \$1.1 million, respectively. Incentive Fees incurred for the three and six months ended June 30, 2025 were approximately \$0.2 million and \$0.5 million, respectively. As discussed under "Fee Waiver" below, the Manager waived approximately \$0.2 million and \$0.5 million of Incentive Fees for the three and six months ended June 30, 2025, respectively.

#### *Fee Waiver*

From time to time, the Manager may waive fees it would otherwise be entitled to under the terms of the Management Agreement. The Manager agreed to waive (i) the inclusion of the net proceeds from the January 2025 Offering in the Company's Equity for purposes of calculating the management fee until the earlier of (a) December 31, 2025 and (b) the quarter in which the total amount of the net proceeds of the January 2025 Offering have been utilized to fund loans in our portfolio and (ii) an additional \$1.0 million in fees.

For the three and six months ended June 30, 2026, no Base Management Fees or Incentive Fees were waived. For the three and six months ended June 30, 2025, Base Management Fees waived were \$7.3 thousand and \$0.6 million, respectively, and Incentive Fees waived were \$0.2 million and \$0.5 million, respectively.

#### *Administrative Services Agreement*

In July 2024, SUNS Manager entered into the Administrative Services Agreement with TCG Services LLC, an affiliate of SUNS Manager. The Administrative Services Agreement sets forth the terms on which TCG Services LLC will provide SUNS certain administrative services, including providing personnel, office facilities, information technology and other equipment and legal, accounting, human resources, clerical, bookkeeping and record keeping services at such facilities as well as other services.

#### *Services Agreement*

In July 2024, SUNS Manager entered into a Services Agreement with SRT Group LLC, an affiliate of SUNS Manager and certain officers. The Services Agreement sets forth the terms on which SRT Group LLC will provide SUNS the services of its investment personnel.

The Company is required to pay all of its allocable costs and expenses and reimburse the Manager or its affiliates for such expenses paid or incurred on behalf of the Company by the Manager or its affiliates, excepting only those expenses that are specifically the

responsibility of the Manager pursuant to the Management Agreement.

The following table summarizes the related party costs incurred by the Company for the three and six months ended June 30, 2026 and 2025:

|                                                             | Three months ended<br>June 30, |                     | Six months ended<br>June 30, |                     |
|-------------------------------------------------------------|--------------------------------|---------------------|------------------------------|---------------------|
|                                                             | 2026                           | 2025                | 2026                         | 2025                |
| <b>Affiliate costs</b>                                      |                                |                     |                              |                     |
| Base management fees, net of waivers                        | \$ 695,302                     | \$ 689,140          | \$ 1,393,906                 | \$ 689,140          |
| Incentive fees earned, net of waivers                       | 183,693                        | —                   | 1,120,225                    | —                   |
| General and administrative expenses reimbursable to Manager | 692,677                        | 532,262             | 1,304,918                    | 1,144,827           |
| Professional fees reimbursable to Manager                   | 37,219                         | 12,905              | 54,442                       | 17,894              |
| <b>Total</b>                                                | <b>\$ 1,608,891</b>            | <b>\$ 1,234,307</b> | <b>\$ 3,873,491</b>          | <b>\$ 1,851,861</b> |

Amounts payable to the Manager as of June 30, 2026 and December 31, 2025 were approximately \$1.8 million and \$1.0 million, respectively, and are recorded within accrued management and incentive fees and accrued direct administrative expenses in the Company's consolidated Balance Sheets.

The Manager is beneficially owned by certain officers and directors as of the date of this Quarterly Report on Form 10-Q.

#### Investments in Loans and Unconsolidated Real Estate Joint Venture

From time to time, the Company may co-invest with other investment vehicles managed by the SUNS Manager or its affiliates, including by means of splitting loans, participating in loans or other means of syndicating loans. The Company is not obligated to provide, nor has it provided, any financial support to the other managed investment vehicles. As such, the Company's risk is limited to the carrying value of its investment in any such loan. Additionally, SUNS Manager or its affiliates, including TCG RE Agent, may from time to time serve as administrative and collateral agents to the lenders under the loans in the Company's portfolio. As of June 30, 2026, there were 14 co-invested loans held by the Company and affiliates of the Company.

In March 2026, in connection with the foreclosure of the San Antonio Loan, the Company formed a joint venture with an affiliate co-lender to acquire the underlying hotel property. The Company holds a 65.0% ownership interest in the joint venture. Refer to Note 6 for more information.

#### Unsecured Revolving Credit Facility with Affiliate

The Company maintains an unsecured revolving credit facility with SRT Finance LLC, an affiliate of the Company. Refer to Note 7 for more information.

## 14. DIVIDENDS AND DISTRIBUTIONS

The following table summarizes the Company's dividends declared during the six months ended June 30, 2026 and 2025:

|                             | <u>Declaration Date</u> | <u>Record Date</u> | <u>Payment Date</u> | <u>Per Common<br/>Share<br/>Distribution<br/>Amount</u> | <u>Total Distribution<br/>Amount</u> |
|-----------------------------|-------------------------|--------------------|---------------------|---------------------------------------------------------|--------------------------------------|
| Regular cash dividend       | 3/4/2025                | 3/31/2025          | 4/15/2025           | \$ 0.30                                                 | \$ 4,026,448                         |
| Regular cash dividend       | 6/13/2025               | 6/30/2025          | 7/15/2025           | 0.30                                                    | 4,026,353                            |
| <b>2025 Period Subtotal</b> |                         |                    |                     | <b>\$ 0.60</b>                                          | <b>\$ 8,052,801</b>                  |
| Regular cash dividend       | 3/10/2026               | 3/31/2026          | 4/15/2026           | \$ 0.30                                                 | \$ 4,055,897                         |
| Regular cash dividend       | 6/15/2026               | 6/30/2026          | 7/15/2026           | \$ 0.30                                                 | \$ 4,055,220                         |
| <b>2026 Period Subtotal</b> |                         |                    |                     | <b>\$ 0.60</b>                                          | <b>\$ 8,111,117</b>                  |

## 15. REPORTABLE SEGMENTS

ASC 280, Segment Reporting, establishes standards for reporting financial and descriptive information about an enterprise's reportable segments. The Company is an institutional lender that provides debt capital solutions to CRE markets in the Southern United States, with a primary focus on opportunities in Arizona, Florida, Georgia, Nevada, North Carolina, South Carolina, Tennessee and Texas. The Company generates revenue from originating and investing in secured CRE loans and providing capital to high-quality borrowers and sponsors with transitional business plans collateralized by CRE assets with opportunities for near-term value creation, as well as recapitalization opportunities. The accounting policies of the institutional lending segment are the same as those described in the summary of significant accounting policies.

The presentation of financial results as one reportable segment is consistent with the way the Company operates its business and is consistent with the manner in which the Company's Chief Operating Decision Maker ("CODM"), the Company's Chief Executive Officer, evaluates performance and makes resource and operating decisions for the business. The Company has no operations outside of the United States. The Company's portfolio exhibits similar economic characteristics, similar yields and is operated using consistent business strategies. The Company operates as one operating segment and has one reportable operating segment for activities related to institutional lending.

The CODM assesses performance and evaluates the allocation of resources of the Company on a consolidated basis, based on the Company's net income, which is reported on the Company's consolidated statements of operations. The CODM is regularly provided with only the consolidated expenses, as noted on the consolidated statement of operations. Significant segment expenses are listed on the accompanying consolidated statement of operations. The measure of segment assets is reported on the consolidated balance sheets as total assets.

The CODM uses net income to evaluate income generated from segment assets and in deciding the amount of dividends to be distributed, as well as using net income as a basis for evaluating lender terms for CRE loans with borrowers and sponsors.

Interest income earned on the Company's portfolio was concentrated with two borrowers each comprising more than 10% of consolidated interest income for an aggregate amount of \$3.0 million, or 35%, of consolidated interest income during the three months ended June 30, 2026. Interest income earned on the Company's portfolio was concentrated with six borrowers each comprising more than 10% of consolidated interest income for an aggregate amount of \$5.7 million, or 85%, of consolidated interest income during the three months ended June 30, 2025.

Interest income earned on the Company's portfolio was concentrated with three borrowers each comprising more than 10% of consolidated interest income for an aggregate amount of \$7.7 million, or 41%, of consolidated interest income during the six months ended June 30, 2026. Interest income earned on the Company's portfolio was concentrated with five borrowers each comprising more than 10% of consolidated interest income for an aggregate amount of \$8.8 million, or 75%, of consolidated interest income during the six months ended June 30, 2025.

## 16. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date the consolidated financial statements were available to be issued. There were no material subsequent events, other than those described below, that required disclosure in these unaudited interim financial statements.

On July 17, 2026, the Company's senior term loan and a residential development project revolver for various residential development projects in Palm Beach Gardens, FL, were repaid in full. The outstanding principal balances of the senior term loan and residential development project revolver, on the date of repayment were approximately \$31.6 million and \$23.8 million, respectively. In connection with the repayment, the Company recognized approximately \$0.2 million of default interest and breakage fees.

On May 21, 2026, the Company, through its investment in the Lex Ave JV, entered into a definitive agreement (the "Agreement") to sell its San Antonio hotel property for a purchase price of \$41.0 million, subject to closing costs and other transaction expenses, and customary closing conditions. Based on the Company's 65.0% ownership interest in the Lex Ave JV, the Company expects to receive consideration of approximately \$26.7 million, subject to its proportionate share of such closing costs and transaction expenses. Under the terms of the Agreement, the purchaser paid a \$4.0 million earnest money deposit upon execution of the agreement, with the remaining purchase price to be funded at closing through approximately \$5.0 million of purchaser cash and a \$32.0 million senior

secured loan to be originated by the Company and its affiliate co-lender in proportion to their respective ownership interests in the Lex Ave JV, with the Company owning 65.0%.

On July 30, 2026, the Company, through its investment in the Lex Ave JV, entered into an amendment to the Agreement granting the purchaser an exclusive option to acquire the San Antonio hotel property on or before September 30, 2026. In connection with the amendment, the \$4.0 million earnest money deposit was released and the purchaser made an additional \$2.0 million payment, with the remaining purchase price expected to be funded at closing through \$3.0 million of purchaser cash and a \$32.0 million senior secured loan from the Company and its affiliate co-lender. No assurance can be given that the transaction will close on the currently contemplated terms, or at all. See Note 6 for additional information regarding the Lex Ave JV, the Lex Ave Hotel Foreclosure, and related accounting treatment.

On August 5, 2026, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”), pursuant to which the Company will acquire Southern Realty Trust Inc. (“SRT”), subject to the approval of its stockholders and the approval of the SRT stockholders. Under the terms of the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each outstanding share of SRT common stock will be converted into the right to receive the following: (i) 1.45 shares, or approximately 8.4 million shares in aggregate, of the Company’s common stock; and (ii) from the Manager, an amount in cash per share equal to \$0.05.

Further, in the Merger Agreement, the Company has agreed to take all necessary corporate action so that upon and after the effective time of the Merger, the size of its Board of Directors will be increased by one member (the “SRT Director Designee”). The SRT Director Designee will be appointed to the Company’s Board of Directors.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the accompanying notes and other information included in this Quarterly Report on Form 10-Q (the "Quarterly Report"). This discussion and analysis contains forward-looking statements that involve risks and uncertainties which could cause our actual results to differ materially from those anticipated in these forward-looking statements, including, but not limited to, risks and uncertainties discussed under the heading "Cautionary Note Regarding Forward-Looking Statements" in this Form 10-Q, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025 and our other filings with the SEC.*

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Quarterly Report"), filed by Sunrise Realty Trust, Inc. (the "Company," "SUNS," "we," "us," and "our"), and the information incorporated by reference herein, or made in other reports, filings with the SEC, and press releases contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and we intend such statements to be covered by the safe harbor provisions contained therein. These forward-looking statements are based on our current intent, belief, expectations and views of future events. The forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results or performance, and may contain the words "believe," "anticipate," "expect," "estimate," "project," "could," "would," "will," "can," "continuing," "may," "aim," "intend," "ongoing," "plan," "predict," "potential," "should," "seeks," "likely to" or words or phrases of similar meaning. Specifically, this Quarterly Report includes forward-looking statements regarding (i) our portfolio and strategies for the growth of our commercial real estate lending business; (ii) our working capital, liquidity and capital requirements; (iii) potential state and federal legislative and regulatory matters; (iv) our expectations and estimates regarding certain tax, legal and accounting matters, including the impact on our financial statements and/or those of our borrowers; (v) the amount, collectability and timing of cash flows, if any, from our loans; (vi) our expected ranges of originations and repayments; (vii) estimates relating to our ability to make distributions to our shareholders in the future; and (viii) our investment strategy.

These forward-looking statements reflect management's current views about future events, and are subject to risks, uncertainties and assumptions. Our actual results may differ materially from the future results and events expressed or implied by the forward-looking statements. Key factors that could prevent us from achieving our goals, and cause the assumptions underlying forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements include, but are not limited to, the following:

- our ability to identify a successful business and investment strategy and execute on our strategy;
- the ability of our Manager to locate suitable loan opportunities for us and to monitor and actively manage our portfolio and implement our investment strategy;
- our ability to successfully complete our proposed Merger (as defined below) and/or realize all of the expected benefits or that such benefits may take longer to realize than expected (including because we expect to incur significant costs associated with such Merger);
- our ability to consummate the sale of the San Antonio hotel property on acceptable terms, or at all;
- our ability to meet our expected ranges of originations and repayments;
- our ability to obtain our target mix of loan and collateral types with our expected ranges of yields;
- the allocation of loan opportunities to us by our Manager and our ability to close those loans;
- changes in general economic conditions, in our industry and in the commercial finance and commercial real estate markets;
- we have limited history of operating as an independent company, and our historical financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results;
- the state of the U.S. economy generally or in the specific geographic regions in which we operate, including as a result of the impact of natural disasters;
- the impact of a protracted decline in the liquidity of credit markets on our business;



- the amount, collectability and timing of our cash flows, if any, from our loans and other investments, including investments in real estate acquired through foreclosure and held through joint ventures;
- our ability to obtain and maintain competitive financing arrangements;
- our ability to achieve our expected leverage;
- changes in the value of our loans and other investments, including investments in real estate acquired through foreclosure and held through joint ventures;;
- losses that may be exacerbated due to the concentration of our portfolio in a limited number of loans and borrowers;
- our investment and underwriting process;
- the rates of default or recovery rates on our loans, including our ability to realize value from collateral and real estate acquired through foreclosure;
- the degree to which our hedging strategies may or may not protect us from interest rate volatility;
- the availability of investment opportunities in mortgage-related and real estate-related instruments and other securities, and our ability to reinvest proceeds from loan repayments, sales and other realizations in a timely manner and on favorable terms;
- interest rate mismatches between our loans and our borrowings used to fund such loans;
- the departure of any of the executive officers or key personnel supporting and assisting us from our Manager or its affiliates;
- impact of and changes in governmental regulations, tax law and rates, accounting guidance, tariffs and similar matters;
- the impact of a changing interest rate and inflation environment on our results of operations, cash flows and the market value of our loans;
- our ability to maintain our exemption from registration under the Investment Company Act of 1940 (the “Investment Company Act”);
- our ability to qualify and maintain our qualification as a real estate investment trust (a “REIT”) for U.S. federal income tax purposes;
- estimates relating to our ability to make distributions to our shareholders in the future;
- our understanding of our competition;
- market trends in our industry, interest rates, real estate values, the securities markets or the general economy;
- we may issue shares of preferred or common stock in the future, which could dilute your percentage ownership of SUNS;
- use of proceeds of our securities offerings; and
- litigation, including costs associated with prosecuting or defending claims and any adverse outcomes.

The above list of factors is not exhaustive or necessarily in order of importance.

Actual results may differ materially from those expressed in or implied by these forward-looking statements as a result of various risks and uncertainties, including, without limitation, those described below and elsewhere in this Quarterly Report, including in Part II, Item 1A, “Risk Factors,” and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, including in the section entitled “Risk Factors,” as well as in our subsequent filings with the SEC. These forward-looking statements speak only as of the date of this Quarterly Report. Except as required by applicable law, we undertake no obligation to update or revise any forward-looking statements contained in this Quarterly Report to reflect events or circumstances after the date of this Quarterly Report or to reflect the occurrence of unanticipated events.

## **Overview**

SUNS is a Maryland corporation that was formed on August 28, 2023 and that made its first investment in January 2024. We are a real estate focused debt fund, actively pursuing opportunities to finance transitional commercial real estate



projects located across the Southern U.S. We are an integral part of the platform of affiliated asset managers under the Tannenbaum Capital Group (“TCG”).

Our investment focus includes originating or acquiring loans backed by single assets or portfolios of assets that typically have (i) an investment hold size of approximately \$15-100 million, secured by CRE assets, including transitional or construction projects, across diverse property types, (ii) a duration of approximately 2-5 years, (iii) interest rates that are determined periodically on the basis of a floating base lending rate (e.g., Secured Overnight Financing Rate (“SOFR”)) plus a credit spread, (iv) a loan-to-value (“LTV”) ratio of no greater than approximately 75% on an individual investment basis and (v) no more than approximately 75% LTV across the portfolio, in each case, at the time of origination or acquisition, and are led by experienced borrowers and well-capitalized sponsors with high quality business plans. Our loans typically feature origination fees and/or exit fees. We target a portfolio net internal rate of return (“IRR”) in the low-teens, which we believe may increase to the mid-teens after including total interest and other revenue from the portfolio, including loans funded from drawing on our leverage, net of our interest expense from our portfolio lenders. We are also targeting a near to mid-term target capitalization of one-third equity, one-third secured debt availability and one-third unsecured debt. We do not expect to be fully drawn on our secured debt availability and, as a result, we are targeting an expected leverage ratio of 1.5:1 debt-to-equity.

We are an externally managed Maryland corporation and elected to be taxed as a REIT under Section 856 of the Internal Revenue Code of 1986, as amended (the “Code”), commencing with our taxable year ended December 31, 2024. We believe our organization and current and proposed method of operation will enable us to qualify as a REIT. However, no assurances can be given that our beliefs or expectations will be fulfilled, since qualification as a REIT depends on our continuing to satisfy numerous asset, income, distribution and other tests, which in turn depends, in part, on our operating results and ability to obtain financing. We also intend to operate our business in a manner that will permit us to maintain our exemption from registration under the Investment Company Act.

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act (“JOBS Act”), and we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period. As a result, we will not be subject to the same implementation timing for new or revised accounting standards as other public companies that are not emerging growth companies, which may make comparison of our financials to those of other public companies more difficult.

We will remain an “emerging growth company” until the earliest to occur of the following: (1) the last day of the fiscal year (a) following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act, (b) in which we have total annual revenue of at least \$1.235 billion, or (c) in which we are deemed to be a large accelerated filer, which generally means the market value of our common equity that is held by non-affiliates exceeds \$700 million as of the end of the prior fiscal year’s second fiscal quarter; and (2) the date on which we have issued more than \$1 billion in non-convertible debt securities during the prior three-year period.

## **Developments During the Second Quarter June 30, 2026:**

### ***Updates to Our Loan Portfolio During the Second Quarter June 30, 2026***

On April 1, 2026, our senior loan for a residential property in Austin, TX was repaid in full. The outstanding principal balance of the senior secured term loan on the date of repayment was approximately \$14.1 million.

### Dividends Declared Per Share

During the three and six months ended June 30, 2026 and 2025, we declared the following cash dividends:

| Date Declared               | Payable to Shareholders of<br>Record at the Close of<br>Business on | Payment Date   | Amount per Share | Total Amount        |
|-----------------------------|---------------------------------------------------------------------|----------------|------------------|---------------------|
| March 4, 2025               | March 31, 2025                                                      | April 15, 2025 | \$ 0.30          | \$ 4,026,448        |
| June 13, 2025               | June 30, 2025                                                       | July 15, 2025  | 0.30             | 4,026,353           |
| <b>2025 Period Subtotal</b> |                                                                     |                | <b>\$ 0.60</b>   | <b>\$ 8,052,801</b> |
| March 10, 2026              | March 31, 2026                                                      | April 15, 2026 | \$ 0.30          | \$ 4,055,897        |
| June 15, 2026               | June 30, 2026                                                       | July 15, 2026  | \$ 0.30          | \$ 4,055,220        |
| <b>2026 Period Subtotal</b> |                                                                     |                | <b>\$ 0.60</b>   | <b>\$ 8,111,117</b> |

### Recent Developments

On May 21, 2026, we, through our investment in the Lex Ave JV, entered into a definitive agreement (the “Agreement”) to sell the San Antonio hotel property for a purchase price of \$41.0 million, subject to closing costs and other transaction expenses, and customary closing conditions. Based on our 65.0% ownership interest in the Lex Ave JV, we expect to receive total consideration of approximately \$26.7 million, subject to our proportionate share of such closing costs and transaction expenses. Under the terms of the Agreement, the purchaser paid a \$4.0 million earnest money deposit upon execution of the Agreement, with the remaining purchase price to be funded at closing through approximately \$5.0 million of purchaser cash and a \$32.0 million senior secured loan to be originated by us and our affiliate co-lender in proportion to our respective ownership interests in the Lex Ave JV.

On July 30, 2026, we, through our investment in the Lex Ave JV, entered into an amendment to the Agreement to grant the purchaser an exclusive option to purchase the San Antonio hotel property on or before September 30, 2026. In connection with the amendment, the \$4.0 million earnest money deposit was released and the purchaser made an additional \$2.0 million payment, with the remaining purchase price to be funded at closing through approximately \$3.0 million of purchaser cash and a \$32.0 million senior secured loan from us and our affiliate co-lender. No assurance can be given that the transaction will close on the currently contemplated terms or at all.

On July 17, 2026, our senior term loan and a residential development project revolver for various residential development projects in Palm Beach Gardens, FL were repaid in full. The outstanding principal balances of the senior term loan and residential development project revolver on the date of repayment were approximately \$31.6 million and \$23.8 million, respectively. In connection with the repayment, we recognized approximately \$0.2 million of default interest and breakage fees.

As previously reported, on August 5, 2026, we entered into an Agreement and Plan of Merger (the “Merger Agreement”), pursuant to which we will acquire Southern Realty Trust Inc. (“SRT”), subject to the approval of our stockholders and the approval of the SRT stockholders. Under the terms of the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each outstanding share of SRT common stock will be converted into the right to receive the following: (i) 1.45 shares, or approximately 8.4 million shares in aggregate, of our common stock; and (ii) from the Manager, an amount in cash per share equal to \$0.05.

Further, in the Merger Agreement, we have agreed to take all necessary corporate action so that upon and after the effective time of the Merger, the size of our Board of Directors will be increased by one member (the “SRT Director Designee”). The SRT Director Designee will be appointed to our Board of Directors.

### Key Financial Measures and Indicators

As a commercial real estate finance company, we believe the key financial measures and indicators for our business are Distributable Earnings (as defined below), book value per share and dividends declared per share.

### Book Value Per Share

We believe that book value per share is helpful to shareholders in evaluating our growth as we scale our equity capital base and continue to invest in our target investments. The book value per share of our Common Stock as of June 30, 2026 and December 31, 2025 was approximately \$13.45 and \$13.56, respectively.

## Non-GAAP Metrics

### *Distributable Earnings*

In addition to using certain financial metrics prepared in accordance with GAAP to evaluate our performance, we also use Distributable Earnings to evaluate our performance, excluding the effects of certain transactions and GAAP adjustments we believe are not necessarily indicative of our current loan activity and operations. Distributable Earnings is a measure that is not prepared in accordance with GAAP. We use these non-GAAP financial measures both to explain our results to shareholders and the investment community and in the internal evaluation and management of our businesses. Our management believes that these non-GAAP financial measures and the information they provide are useful to investors since these measures permit investors and shareholders to assess the overall performance of our business using the same tools that our management uses to evaluate our past performance and prospects for future performance. The determination of Distributable Earnings is substantially similar to the determination of Core Earnings under our Management Agreement, provided that Core Earnings is a component of the calculation of any Incentive Compensation earned under the Management Agreement for the applicable time period. Thus, Core Earnings is calculated without giving effect to Incentive Compensation expense, while the calculation of Distributable Earnings accounts for any Incentive Compensation earned for such time period.

We define Distributable Earnings as, for a specified period, the net income (loss) computed in accordance with GAAP, excluding (i) stock-based compensation expense, (ii) depreciation and amortization, (iii) any unrealized gains, losses or other non-cash items recorded in net income (loss) for the period, regardless of whether such items are included in other comprehensive income or loss, or in net income (loss); provided that Distributable Earnings does not exclude, in the case of investments with a deferred interest feature (such as OID, debt instruments with PIK interest and zero coupon securities), accrued income that we have not yet received in cash, (iv) provision for (reversal of) current expected credit losses, (v) TRS (income) loss, net of any dividends received from TRS and (vi) one-time events pursuant to changes in GAAP and certain non-cash charges, in each case after discussions between our Manager and our independent directors and after approval by a majority of such independent directors.

We believe providing Distributable Earnings on a supplemental basis to our net income as determined in accordance with GAAP is helpful to shareholders in assessing the overall performance of our business. As a REIT, we are required to distribute at least 90% of our annual REIT taxable income, subject to certain adjustments, and to pay tax at regular corporate rates to the extent that we annually distribute less than 100% of such taxable income. Given these requirements and our belief that dividends are generally one of the principal reasons that shareholders invest in our Common Stock, we generally intend to attempt to pay dividends to our shareholders in an amount at least equal to such REIT taxable income, if and to the extent authorized by our Board of Directors. Distributable Earnings is one of many factors considered by our Board of Directors in authorizing dividends and, while not a direct measure of net taxable income, over time, the measure can be considered a useful indicator of our dividends.

Distributable Earnings is a non-GAAP financial measure and should not be considered as a substitute for GAAP net income. We caution readers that our methodology for calculating Distributable Earnings may differ from the methodologies employed by other REITs to calculate the same or similar supplemental performance measures, and as a result, our reported Distributable Earnings may not be comparable to similar measures presented by other REITs.

The following table provides a reconciliation of GAAP net income to Distributable Earnings for the three and six months ended June 30, 2026 and 2025:

|                                                                          | Three months ended<br>June 30, |                     | Six months ended<br>June 30, |                     |
|--------------------------------------------------------------------------|--------------------------------|---------------------|------------------------------|---------------------|
|                                                                          | 2026                           | 2025                | 2026                         | 2025                |
| <b>Net income</b>                                                        | <b>\$ 3,076,025</b>            | <b>\$ 3,358,314</b> | <b>\$ 7,329,375</b>          | <b>\$ 6,457,751</b> |
| Adjustments to net income:                                               |                                |                     |                              |                     |
| Stock-based compensation expense                                         | 297,484                        | 259,066             | 667,446                      | 502,687             |
| Depreciation and amortization                                            | —                              | —                   | —                            | —                   |
| Unrealized (gains) losses, or other non-cash items                       | —                              | —                   | —                            | —                   |
| Provision for current expected credit losses                             | 557,248                        | 468,493             | 617,531                      | 586,141             |
| TRS (income) loss                                                        | —                              | —                   | —                            | —                   |
| One-time events pursuant to changes in GAAP and certain non-cash charges | —                              | —                   | —                            | —                   |
| <b>Distributable earnings</b>                                            | <b>\$ 3,930,757</b>            | <b>\$ 4,085,873</b> | <b>\$ 8,614,352</b>          | <b>\$ 7,546,579</b> |
| Basic weighted average shares of common stock outstanding                | 13,329,968                     | 13,235,823          | 13,324,626                   | 12,227,520          |
| <b>Distributable earnings per basic weighted average share</b>           | <b>\$ 0.29</b>                 | <b>\$ 0.31</b>      | <b>\$ 0.65</b>               | <b>\$ 0.62</b>      |

### Factors Impacting our Operating Results

The results of our operations are affected by a number of factors and primarily depend on, among other things, the level of our net interest margin, the market value of our assets and the supply of, and demand for, commercial real estate debt and other financial assets in the marketplace. Our net interest margin, which includes the accretion and amortization of OID, is recognized based on the contractual rate and the outstanding principal balance of the loans we originate. Interest rates will vary according to the type of loan, conditions in the financial markets, creditworthiness of our borrowers, competition and other factors, some of which cannot be predicted with any certainty. Our operating results may also be impacted by credit losses in excess of initial anticipations or unanticipated credit events experienced by our borrowers.

### Results of Operations for the three and six months ended June 30, 2026 and 2025

The following table summarizes our consolidated results of operations for the three and six months ended June 30, 2026 and 2025:

|                                                                | Three months ended<br>June 30, |                     | Six months ended<br>June 30, |                     |
|----------------------------------------------------------------|--------------------------------|---------------------|------------------------------|---------------------|
|                                                                | 2026                           | 2025                | 2026                         | 2025                |
| <b>Revenue</b>                                                 |                                |                     |                              |                     |
| Interest income                                                | \$ 8,564,695                   | \$ 6,752,679        | \$ 18,837,381                | \$ 11,711,202       |
| Interest expense                                               | (2,745,781)                    | (1,083,212)         | (5,713,418)                  | (1,419,371)         |
| <b>Net interest income</b>                                     | <b>5,818,914</b>               | <b>5,669,467</b>    | <b>13,123,963</b>            | <b>10,291,831</b>   |
| <b>Expenses</b>                                                |                                |                     |                              |                     |
| Management and incentive fees                                  | 878,995                        | 689,140             | 2,514,131                    | 689,140             |
| General and administrative expenses                            | 809,783                        | 659,957             | 1,552,882                    | 1,413,083           |
| Stock-based compensation                                       | 297,484                        | 259,066             | 667,446                      | 502,687             |
| Professional fees                                              | 231,666                        | 234,497             | 474,885                      | 643,029             |
| <b>Total expenses</b>                                          | <b>2,217,928</b>               | <b>1,842,660</b>    | <b>5,209,344</b>             | <b>3,247,939</b>    |
| Provision for current expected credit losses                   | (557,248)                      | (468,493)           | (617,531)                    | (586,141)           |
| Equity in earnings of unconsolidated real estate joint venture | 32,287                         | —                   | 32,287                       | —                   |
| <b>Net income</b>                                              | <b>\$ 3,076,025</b>            | <b>\$ 3,358,314</b> | <b>\$ 7,329,375</b>          | <b>\$ 6,457,751</b> |

*Net income.* Our net income allocable to our common shareholders for the three and six months ended June 30, 2026, was approximately \$3.1 million and \$7.3 million, or \$0.23 and \$0.54 per basic weighted average common share, respectively, compared to net income allocable to our common shareholders of approximately \$3.4 million and \$6.5 million, or \$0.25 and \$0.52 per basic weighted average common share, respectively, for the three and six months ended June 30, 2025.

*Interest income.* Interest income increased approximately \$1.8 million, or 26.8%, for the three months ended June 30, 2026, as compared to the three months ended June 30, 2025. Interest income increased approximately \$7.1 million, or 60.8%, for the six months ended June 30, 2026 as compared to the six months ended June 30, 2025. The increase reflects a higher average investment balance driven by increased capital deployment. In addition, we recognized approximately \$1.2 million of repayment premium income related to the early repayment of a \$45.0 million secured mortgage loan in March 2026.

*Interest expense.* Interest expense increased approximately \$1.7 million and \$4.3 million for the three and six months ended June 30, 2026, as compared to the three and six months ended June 30, 2025, respectively, primarily driven by increased utilization of our lines of credit to support portfolio growth.

*Management and incentive fees.* Management and incentive fees increased approximately \$0.2 million and \$1.8 million for the three and six months ended June 30, 2026, as compared to the three and six months ended June 30, 2025, respectively. Base Management Fees incurred for the three and six months ended June 30, 2026 were approximately \$0.7 million and \$1.4 million, respectively, as compared \$0.7 million, during both the three and six months ended June 30, 2025. The increase compared to the six months ended June 30, 2025 was driven by the waiver of approximately \$7.3 thousand and \$0.6 million of Base Management Fees for the three and six months ended June 30, 2025, respectively. Incentive Fees incurred for the three and six months ended June 30, 2026 were approximately \$0.2 million and \$1.1 million, respectively. There were no incentive fees incurred during the three and six months ended June 30, 2025 due to the waiver of approximately \$0.2 million and \$0.5 million of Incentive Fees, respectively.

*General and administrative expenses.* General and administrative expenses increased \$149.8 thousand and \$139.8 thousand during the three and six months ended June 30, 2026, respectively, compared to the three and six months ended June 30, 2025, primarily driven by higher reimbursable payroll and bonus costs payable to the Manager under the Management Agreement.

*Professional fees.* Professional fees were relatively consistent during the three months ended June 30, 2026, compared to the corresponding period in 2025, and decreased \$(0.2) million during the six months ended June 30, 2026, compared to

the six months ended June 30, 2025. The year-to-date decrease was primarily attributable to higher professional fees incurred during the first quarter of 2025 in connection with our first annual Form 10-K and proxy statement filing following our transition to a public company.

*Provision for current expected credit losses.* The provision for current expected credit losses increased \$(88.8) thousand and \$(31.4) thousand during the three and six months ended June 30, 2026, respectively, as compared to the three and six months ended June 30, 2025. The CECL Reserve balance as of June 30, 2026 was approximately \$1.1 million, or 0.37%, of our total loans held at carrying value of approximately \$296.8 million and was bifurcated between (i) the current expected credit loss reserve (contra-asset) related to outstanding balances on loans held at carrying value of \$0.9 million and (ii) a liability for unfunded commitments of approximately \$0.2 million. The liability for unfunded commitments represents expected credit losses on the unfunded portion of loan commitments over the contractual period during which we are exposed to credit risk through our obligation to extend credit. In estimating this liability, we consider the likelihood that commitments will be funded and, if funded, the expected credit losses on the funded portion of those commitments. We continuously evaluate the credit quality of each loan by assessing the risk factors of each loan.

### Loan Portfolio

The table below summarizes our total loan portfolio as of June 30, 2026, unless otherwise specified.

| Loan Type               | Location                  |     | Original<br>Funding Date | Loan Maturity | Current<br>Commitments as<br>of 06/30/2026 | % of Total | Principal<br>Balance as of<br>06/30/2026 | Cash<br>Interest<br>Rate | PIK  | Fixed/<br>Floating | Amortization<br>During Term | YTM <sup>(1)</sup> |
|-------------------------|---------------------------|-----|--------------------------|---------------|--------------------------------------------|------------|------------------------------------------|--------------------------|------|--------------------|-----------------------------|--------------------|
| Senior mortgage loans:  |                           |     |                          |               |                                            |            |                                          |                          |      |                    |                             |                    |
| Residential             | Palm Beach<br>Gardens, FL | (2) | 8/5/2024                 | 9/1/2027      | 31,875,000                                 | 8.4%       | 31,239,158                               | 12.3%                    | N/A  | Floating           | No                          | 15%                |
| Residential             | Palm Beach<br>Gardens, FL | (2) | 8/5/2024                 | 9/1/2027      | 28,125,000                                 | 7.5%       | 23,609,542                               | 10.3%                    | N/A  | Floating           | No                          | 13%                |
| Residential             | Fort Lauderdale,<br>FL    | (3) | 11/1/2024                | 12/30/2026    | 30,000,000                                 | 7.9%       | 19,803,590                               | 11.5%                    | N/A  | Floating           | No                          | 15%                |
| Hospitality             | Austin, TX                |     | 12/12/2024               | 12/11/2027    | 32,000,000                                 | 8.5%       | 32,000,000                               | 9.5%                     | N/A  | Floating           | No                          | 11%                |
| Residential             | Aventura, FL              |     | 1/27/2025                | 1/27/2027     | 30,750,872                                 | 8.1%       | 30,750,872                               | 9.0%                     | N/A  | Floating           | No                          | 11%                |
| Net Leased<br>Tenant    | New Orleans,<br>LA        | (3) | 1/30/2025                | 1/30/2028     | 44,000,000                                 | 11.7%      | 25,294,251                               | 10.1%                    | N/A  | Floating           | No                          | 11%                |
| Residential             | Park City, UT             |     | 6/11/2025                | 8/1/2027      | 9,250,000                                  | 2.5%       | 4,965,932                                | 11.3%                    | N/A  | Floating           | No                          | 13%                |
| Residential             | Miami, FL                 |     | 9/26/2025                | 9/25/2028     | 35,000,000                                 | 9.3%       | 26,643,711                               | 8.4%                     | N/A  | Floating           | No                          | 10%                |
| Industrial              | Doral, FL                 |     | 10/6/2025                | 10/6/2027     | 4,164,957                                  | 1.1%       | 3,902,832                                | 10.0%                    | N/A  | Floating           | No                          | 14%                |
| Industrial              | West Palm<br>Beach, FL    |     | 10/16/2025               | 10/16/2027    | 16,240,000                                 | 4.3%       | 1,893,394                                | 10.0%                    | N/A  | Floating           | No                          | 14%                |
| Retail                  | Houston, TX               |     | 10/24/2025               | 10/24/2028    | 30,000,000                                 | 7.9%       | 22,735,559                               | 9.5%                     | N/A  | Floating           | No                          | 11%                |
| Subordinate debt:       |                           |     |                          |               |                                            |            |                                          |                          |      |                    |                             |                    |
| Residential             | Miami, FL                 |     | 11/15/2024               | 11/15/2027    | 13,000,000                                 | 3.4%       | 11,693,918                               | 13.3%                    | N/A  | Fixed              | No                          | 15%                |
| Residential             | Miami, FL                 |     | 3/21/2025                | 12/13/2028    | 25,761,225                                 | 6.8%       | 19,848,963                               | 13.5%                    | 1.0% | Floating           | No                          | 15%                |
| Hospitality             | Diversified               |     | 2/13/2026                | 2/13/2029     | 47,254,616                                 | 12.5%      | 44,282,626                               | 11.3%                    | N/A  | Floating           | No                          | 13%                |
| Subtotal <sup>(4)</sup> |                           |     |                          |               | \$ 377,421,670                             | 100.0%     | \$ 298,664,348                           | 10.6%                    | 0.1% |                    |                             | 13%                |
|                         |                           |     |                          |               |                                            |            |                                          |                          |      |                    |                             | Wtd<br>Average     |

(1) Estimated YTM includes a variety of fees and features that affect the total yield, which may include, but is not limited to, OID, exit fees, prepayment fees, unused fees and contingent features. OID is recognized as a discount to the funded loan principal and is accreted to income over the term of the loan.

The estimated YTM calculations require management to make estimates and assumptions, including, but not limited to, the timing and amounts of loan draws on delayed draw loans, the timing and collectability of exit fees, the probability and timing of prepayments and the probability of contingent features occurring. For example, certain credit agreements contain provisions pursuant to which certain interest rates and fees earned by us under such credit agreements will decrease upon the satisfaction of certain specified criteria which we believe may improve the risk profile of the applicable borrower. To be conservative, we have not assumed any prepayment penalties or early payoffs in our estimated YTM calculation. Estimated YTM is based on current management estimates and assumptions, which may change. Estimated YTM is calculated using the interest rate as of June 30, 2026 applied through maturity. Actual results could differ from those estimates and assumptions.

(2) This loan is structured as a senior term loan and home construction revolver, of which the proceeds will be used to fund varying development projects. Under each credit facility, the borrower is able to re-draw funds after repayment through maturity. The actual YTM is presented based on repayment of the facilities on July 17, 2026.

(3) If the Company holds both the A-note and B-note, the loan is categorized as a senior mortgage loan.



(4) The interest subtotal rate is a weighted average rate.

### ***Loans Held for Investment at Carrying Value***

As of June 30, 2026 and December 31, 2025, our portfolio included 14 and 16 loans held at carrying value, respectively. The aggregate originated commitment under these loans was approximately \$377.4 million and \$420.7 million, respectively, and outstanding principal was approximately \$298.7 million and \$305.5 million, respectively, as of June 30, 2026 and December 31, 2025. During the six months ended June 30, 2026, we funded approximately \$115.6 million of new loans and additional principal on existing loans and had approximately \$96.1 million of principal repayments of loans held at carrying value. As of June 30, 2026 and December 31, 2025, approximately 96.1% and 96.4%, respectively, of our loans held at carrying value had floating interest rates. As of June 30, 2026, these floating benchmark rates included one-month SOFR quoted at 3.7% and subject to a weighted average floor of 3.9% and U.S. prime rate subject to a weighted average floor of 8.0% and quoted at 6.75% based on outstanding principal.

The following tables summarize our loans held at carrying value as of June 30, 2026 and December 31, 2025:

| <b>As of June 30, 2026</b>                |                                                |                                        |                                         |                                                                          |
|-------------------------------------------|------------------------------------------------|----------------------------------------|-----------------------------------------|--------------------------------------------------------------------------|
|                                           | <b>Outstanding<br/>Principal<sup>(1)</sup></b> | <b>Original<br/>Issue<br/>Discount</b> | <b>Carrying<br/>Value<sup>(1)</sup></b> | <b>Weighted<br/>Average<br/>Remaining Life<br/>(Years)<sup>(2)</sup></b> |
| Senior mortgage loans <sup>(3)(4)</sup>   | \$ 222,838,841                                 | \$ (1,474,956)                         | \$ 221,363,885                          | 1.4                                                                      |
| Subordinate debt                          | 75,825,507                                     | (435,894)                              | 75,389,613                              | 2.4                                                                      |
| <b>Total loans held at carrying value</b> | <b>\$ 298,664,348</b>                          | <b>\$ (1,910,850)</b>                  | <b>\$ 296,753,498</b>                   | <b>1.6</b>                                                               |

| <b>As of December 31, 2025</b>            |                                                |                                        |                                         |                                                                          |
|-------------------------------------------|------------------------------------------------|----------------------------------------|-----------------------------------------|--------------------------------------------------------------------------|
|                                           | <b>Outstanding<br/>Principal<sup>(1)</sup></b> | <b>Original<br/>Issue<br/>Discount</b> | <b>Carrying<br/>Value<sup>(1)</sup></b> | <b>Weighted<br/>Average<br/>Remaining Life<br/>(Years)<sup>(2)</sup></b> |
| Senior mortgage loans <sup>(3)(4)</sup>   | \$ 282,678,920                                 | \$ (2,803,998)                         | \$ 279,874,922                          | 1.9                                                                      |
| Subordinate debt                          | 22,834,265                                     | (34,444)                               | 22,799,821                              | 2.4                                                                      |
| <b>Total loans held at carrying value</b> | <b>\$ 305,513,185</b>                          | <b>\$ (2,838,442)</b>                  | <b>\$ 302,674,743</b>                   | <b>1.9</b>                                                               |

- (1) The difference between the carrying value and the outstanding principal amount of the loans consists of unaccreted OID and loan origination costs.
- (2) Weighted average remaining life is calculated based on the carrying value of each respective group of loans as of June 30, 2026 and December 31, 2025.
- (3) Senior mortgage loans include senior loans that also have a contiguous subordinate loan because as a whole, the expected credit quality of the subordinate loan is more similar to that of a senior loan.
- (4) If the Company holds both the A-note and B-note, the loan is categorized as a senior mortgage loan.

The following table presents changes in loans held at carrying value as of and for the six months ended June 30, 2026:

|                                                                | Principal             | Original Issue<br>(Discount)<br>Premium | Carrying Value        |
|----------------------------------------------------------------|-----------------------|-----------------------------------------|-----------------------|
| <b>Total loans held at carrying value at December 31, 2025</b> | <b>\$ 305,513,185</b> | <b>\$ (2,838,442)</b>                   | <b>\$ 302,674,743</b> |
| New fundings                                                   | 109,218,292           | (903,136)                               | 108,315,156           |
| Interest drawn on loans                                        | 6,364,993             | —                                       | 6,364,993             |
| Accretion of original issue discount and premium, net          | —                     | 1,663,895                               | 1,663,895             |
| Loan repayments                                                | (96,130,931)          | —                                       | (96,130,931)          |
| Foreclosure and contribution to real estate joint venture      | (26,379,740)          | 166,833                                 | (26,212,907)          |
| PIK interest                                                   | 78,549                | —                                       | 78,549                |
| <b>Total loans held at carrying value at June 30, 2026</b>     | <b>\$ 298,664,348</b> | <b>\$ (1,910,850)</b>                   | <b>\$ 296,753,498</b> |

### ***Collateral Overview***

Our loans are secured by various types of assets of our borrowers, including real property and certain personal property and other assets to the extent permitted by applicable laws and the regulations governing our borrowers.

Our debt investments will primarily be secured by real estate assets that are expected to be diversified across asset classes, including high quality residential (including multi-family, condominiums and single-family residential communities), retail, office, hospitality, industrial, mixed-use and specialty-use real estate.

Upon default of a loan, we may seek to sell the loan to a third-party or have an affiliate or a third party work with the borrower to have the borrower sell collateral securing the loan to a third party or institute a foreclosure proceeding to have such collateral sold, in each case, to generate funds towards the payoff of the loan. While we believe that the appraised value of any real estate assets or other collateral securing our loans may impact the amount of the recovery in each such scenario, the amount of any such recovery from the sale of such real estate or other collateral may be less than the appraised value of such collateral and the sale of such collateral may not be sufficient to pay off the remaining balance on the defaulted loan. If we do not or cannot sell a foreclosed property, we would then come to own and operate it as “real estate owned” (“REO”). During the six months ended June 30, 2026, we acquired one REO asset through foreclosure proceedings and contemporaneously contributed such asset to the Lex Ave JV (see Note 6).

We may pursue a sale of a defaulted loan if we believe that a sale would yield higher proceeds or that a sale could be accomplished more quickly than a foreclosure proceeding while yielding proceeds comparable to what would be expected from a foreclosure sale. To the extent that we determine that the proceeds are more likely to be maximized through instituting a foreclosure sale or through taking title to the underlying collateral, we will be subject to the rules and regulations under state law that govern foreclosure sales. However, we can provide no assurances that a third party would buy such loans or that the sales price of such loans would be sufficient to recover the outstanding principal balance, accrued interest, and fees.

### **Liquidity and Capital Resources**

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain our assets and operations, make distributions to our shareholders and meet other general business needs. We use significant cash to purchase our target investments, repay principal and interest on our borrowings, make distributions to our shareholders and fund our operations. The sources of financing for our target investments are described below.

Our primary sources of cash generally consist of net proceeds of future debt or equity offerings, debt financing, including borrowings under a senior secured revolving credit facility (the “Revolving Credit Facility”) and an unsecured revolving credit facility (the “SRTF Credit Facility”), the net proceeds of future debt or equity offerings, including in connection with our ATM Program, payments of principal and interest we receive on our portfolio of assets and cash generated from our operating results.



As of June 30, 2026 and December 31, 2025, all of our cash was unrestricted and totaled approximately \$5.6 million and \$6.4 million, respectively.

As of June 30, 2026, we believe that our cash on hand, capacity available under the Revolving Credit Facility, SRTF Credit Facility and cash flows from operations will be sufficient to satisfy the operating requirements of our business through at least the next twelve months.

### ***Capital Markets***

Given the nature of our business, we constantly explore both the public and private capital markets to raise capital, subject to market and other considerations.

There were no capital markets transactions completed during the six months ended June 30, 2026.

Our registration statement on Form S-3 (File No. 333-289188) (the “Shelf Registration Statement”) became effective on August 6, 2025 and allows us to offer and sell, from time to time, up to \$500.0 million of our securities, including common stock, preferred stock, debt securities, warrants and rights (including as part of a unit) to purchase shares of our common stock or preferred stock. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering. We may also access liquidity through our at-the-market offering program (the “ATM Program”), established in August 2025, pursuant to which we may offer and sell, from time to time, up to \$50.0 million of our common stock. No shares were sold under the ATM Program during the six months ended June 30, 2026.

On September 3, 2025, we also established a dividend reinvestment plan (the “DRIP”). The DRIP allows shareholders to reinvest all or a portion of their cash dividends in additional shares of our common stock (which shares, at our option, are either newly issued directly from us or purchased by the plan administrator in the open market). A total of 1,000,000 shares of common stock has been registered for issuance under the DRIP. No shares were issued under the DRIP during the six months ended June 30, 2026.

We intend to raise future equity capital and issue debt securities in order to fund our future investments in loans.

### ***Revolving Credit Facility***

On November 6, 2024, we entered into the Revolving Credit Facility, which contained an initial aggregate commitment of \$50.0 million, which may be borrowed, repaid and redrawn (subject to a borrowing base based on eligible loan obligations held by us and subject to the satisfaction of other conditions provided under the Revolving Credit Agreement). During the year ended December 31, 2025, we entered into a series of amendments to the Revolving Credit Facility that, among other things, increased the aggregate commitment from \$50.0 million to \$140.0 million. The amount of total commitments under the Revolving Credit Facility may be increased to up to \$200.0 million in aggregate, subject to available borrowing base and lenders’ commitment to provide additional commitments.

In February 2026, we entered into Amendment Number Seven to the Revolving Credit Facility (“Amendment Number Seven”), by and among the Company and certain subsidiaries, as borrowers, the lenders party thereto, and East West Bank as administrative agent, which, among other things (i) facilitated the entry of an additional lender; (ii) increased the aggregate commitment by \$25.0 million, for a total maximum revolver usage of \$165.0 million; and (iii) revised the required consent from certain lenders to advance additional funds under the Revolving Credit Agreement.

As amended, the Revolving Credit Facility requires us to, among other things: (i) maintain liquidity equal to the greater of (A) \$5 million and (B) an amount equal to 10% of the outstanding obligations thereunder so long as we maintain at least \$5 million in qualified cash, (ii) maintain a quarterly debt service coverage ratio of at least 1.50 to 1.0 and (iii) maintain a leverage ratio of not more than 3.25x measured as of the end of each fiscal quarter.

As of June 30, 2026, we had \$82.6 million of outstanding borrowings under the Revolving Credit Facility and \$82.4 million availability under our Revolving Credit Facility, which may be borrowed, repaid and redrawn (subject to a borrowing base based on eligible loan obligations held by us and subject to the satisfaction of other conditions provided under the Revolving Credit Agreement).

To the best of our knowledge, as of June 30, 2026, we were in compliance in all material respects with all covenants contained in our Revolving Credit Agreement.



On December 9, 2024, we entered into the SRTF Credit Facility, which provides for an unsecured revolving credit facility with a \$75.0 million commitment, which may be borrowed, repaid and redrawn, subject to a draw fee and the other conditions provided in the SRTF Credit Agreement.

As of June 30, 2026, we had \$59.1 million of outstanding borrowings under the SRTF Credit Facility and \$15.9 million availability under our SRTF Credit Facility.

#### ***Other Credit Facilities, Warehouse Facilities and Repurchase Agreements***

In the future, we may also use other sources of financing to fund the origination or acquisition of our target investments, including other credit facilities and other secured and unsecured forms of borrowing. These financings may be collateralized or non-collateralized and may involve one or more lenders. We expect that these facilities will typically have maturities ranging from two to five years and may accrue interest at either fixed or floating rates.

#### ***Debt Service***

As of June 30, 2026, we believe that our cash on hand, capacity available under our Revolving Credit Facility and SRTF Credit Facility, and cash flows from operations will be sufficient to service our outstanding debt during the next twelve months.

#### **Cash Flows**

The following table sets forth changes in cash and cash equivalents for the six months ended June 30, 2026 and 2025:

|                                                     | <b>Six months ended<br/>June 30,</b> |                         |
|-----------------------------------------------------|--------------------------------------|-------------------------|
|                                                     | <b>2026</b>                          | <b>2025</b>             |
| Net cash provided by (used in) operating activities | \$ 1,536,202                         | \$ (1,237,338)          |
| Net cash used in investing activities               | (13,442,872)                         | (108,873,779)           |
| Net cash provided by (used in) financing activities | 11,054,917                           | (68,944,032)            |
| <b>Change in cash and cash equivalents</b>          | <b>\$ (851,753)</b>                  | <b>\$ (179,055,149)</b> |

#### ***Net Cash Provided by (Used in) Operating Activities***

Net cash provided by operating activities during the six months ended June 30, 2026 was approximately \$1.5 million, compared to net cash used in operating activities of approximately \$(1.2) million for the six months ended June 30, 2025. The increase of approximately \$2.8 million period over period was primarily due to an increase in net interest income, partially offset by higher management and incentive fees paid.

#### ***Net Cash Used in Investing Activities***

Net cash used in investing activities during the six months ended June 30, 2026 was approximately \$(13.4) million, compared to \$(108.9) million for the six months ended June 30, 2025. The decrease in net cash used of approximately \$95.4 million was primarily due to an increase in principal repayments on loans of approximately \$84.6 million and a decrease in issuance and fundings on loans of approximately \$12.1 million, partially offset by \$(1.3) million of contributions to unconsolidated real estate joint venture.

#### ***Net Cash Provided by (Used in) Financing Activities***

Net cash provided by financing activities during the six months ended June 30, 2026 was approximately \$11.1 million, compared to net cash used in financing activities of \$(68.9) million for the six months ended June 30, 2025. The decrease in cash used in financing activities of approximately \$80.0 million was primarily due to an increase of \$144.2 million in repayments on the revolving credit facilities and \$9.4 million increase in borrowings on the revolving credit facilities, partially offset by a decrease of \$(72.6) million from offering proceeds relating to the January 2025 Offering.



## Contractual Obligations, Other Commitments, and Off-Balance Sheet Arrangements

Our contractual obligations as of June 30, 2026 are as follows:

|                      | As of June 30, 2026  |                      |             |                      |                      |
|----------------------|----------------------|----------------------|-------------|----------------------|----------------------|
|                      | Less than<br>1 year  | 1-3 years            | 3-5 years   | More than<br>5 years | Total                |
| Unfunded commitments | \$ 10,196,410        | \$ 68,712,023        | \$ —        | \$ —                 | \$ 78,908,433        |
| <b>Total</b>         | <b>\$ 10,196,410</b> | <b>\$ 68,712,023</b> | <b>\$ —</b> | <b>\$ —</b>          | <b>\$ 78,908,433</b> |

As of June 30, 2026, all unfunded commitments were related to our total loan commitments and were available for funding in less than three years.

We may enter into certain contracts that may contain a variety of indemnification obligations. The maximum potential future payment amounts we could be required to pay under these indemnification obligations may be unlimited.

Off-balance sheet commitments consist of unfunded commitments on delayed draw loans. Other than as set forth in this Quarterly Report, we do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured investment vehicles, special purpose entities or variable interest entities, established to facilitate off-balance sheet arrangements or other contractually narrow or limited purposes. Further, we have not guaranteed any obligations of unconsolidated entities or entered into any commitment to provide, nor do we intend to provide, additional funding to any such entities.

## Dividends

We elected to be taxed as a REIT for U.S. federal income tax purposes, commencing with the taxable year ending December 31, 2024, and, as such, intend to annually distribute to our shareholders at least 90% of our REIT taxable income, prior to the deduction for dividends paid and excluding our net capital gain. If we distribute less than 100% of our REIT taxable income in any tax year (taking into account any distributions made in a subsequent tax year under Sections 857(b)(9) or 858 of the Code), we will pay tax at regular corporate rates on that undistributed portion. Furthermore, if we distribute less than the sum of (i) 85% of our ordinary income for the calendar year, (ii) 95% of our capital gain net income for the calendar year and (iii) any undistributed shortfall from our prior calendar year (the “Required Distribution”) to our shareholders during any calendar year (including any distributions declared by the last day of the calendar year but paid in the subsequent year), then we are required to pay non-deductible excise tax equal to 4% of any shortfall between the Required Distribution and the amount that was actually distributed. Any of these taxes would decrease cash available for distribution to our shareholders. The 90% distribution requirement does not require the distribution of net capital gains. However, if we elect to retain any of our net capital gain for any tax year, we must notify our shareholders and pay tax at regular corporate rates on the retained net capital gain. The shareholders must include their proportionate share of the retained net capital gain in their taxable income for the tax year, and they are deemed to have paid the REIT’s tax on their proportionate share of the retained capital gain. Furthermore, such retained capital gain may be subject to the nondeductible 4% excise tax. If we determine that our estimated current year taxable income (including net capital gain) will be in excess of estimated dividend distributions (including capital gains dividends) for the current year from such income, we will accrue excise tax on a portion of the estimated excess taxable income as such taxable income is earned.

To the extent that our cash available for distribution is less than the amount required to be distributed under the REIT provisions of the Code, we may be required to fund distributions from working capital or through equity, equity-related or debt financings or, in certain circumstances, asset sales, as to which our ability to consummate transactions in a timely manner on favorable terms, or at all, cannot be assured, or we may make a portion of the Required Distribution in the form of a taxable stock distribution or distribution of debt securities.

## Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates from what was previously disclosed in our Annual Report on Form 10-K. Many of these accounting policies require judgment and the use of estimates and assumptions when they are applied in the preparation of our financial statements. On a quarterly basis, we evaluate these estimates and judgments based on historical experience as well as other factors that we believe to be reasonable under the circumstances. These estimates are subject to

change in the future if underlying assumptions or factors change. Certain accounting policies, while significant, may not require the use of estimates.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

#### **Risk Management**

We intend for our investment mix to include high quality residential, including multi-family, condominiums and single-family residential communities, retail, office, hospitality, industrial, mixed-use and specialty-use real estate. Our investments are primarily commercial real estate loans, but may also include, from time to time, equity interest in unconsolidated joint ventures holding real estate acquired through foreclosure or other remedies. We believe that our Manager's rigorous investment process on our behalf will enable us to make investments with potential for value creation as we seek to provide capital to strong sponsors with readily executable business plans while endeavoring to implement significant downside protections.

The allocation of capital among our target assets will depend on prevailing market conditions at the time we invest, among other considerations, and may change over time in response to changes in market conditions, including with respect to interest rates and general economic and credit market conditions as well as local economic conditions in markets where we are active.

#### **Changes in Fair Value of Our Assets**

We generally hold our target investments as long-term loans; however, we may occasionally classify some of our loans as held for sale. We may carry our loans at fair value or carrying value in our balance sheets. As of June 30, 2026 and December 31, 2025, none of our loans held for investment were carried at fair value. As of June 30, 2026, our assets also included an equity-method investment in an unconsolidated real estate joint venture holding hotel real estate acquired through foreclosure, the value of which is subject to risks different from those applicable to our loan portfolio, including risks relating to hotel operating performance, capital expenditures, real estate values, financing conditions and the timing and terms of any sale or refinancing.

We evaluate our loans on a quarterly basis and fair value is determined by our Board of Directors through its independent Audit and Valuation Committee. We use an independent third-party valuation firm to provide input in the valuation of all of our unquoted investments, which we consider along with other various subjective and objective factors in making our evaluations.

Our loans are typically valued using a yield analysis, which is typically performed for non-credit impaired loans to borrowers. Alternative valuation methodologies may be used as appropriate, and can include a market analysis, income analysis, or recovery analysis. To determine fair value using a yield analysis, a current price is imputed for the loan based upon an assessment of the expected market yield for a similarly structured loan with a similar level of risk. In the yield analysis, we consider the current contractual interest rate, the maturity and other terms of the loan relative to risk of the borrower and the specific loan. A key determinant of risk, among other things, is the leverage through the loan relative to the enterprise value of the borrower. As loans held by us are substantially illiquid with no active transaction market, we depend on primary market data, including newly funded loans, as well as secondary market data with respect to high-yield debt instruments and syndicated loans, as inputs in determining the appropriate market yield, as applicable. Changes in market yields, recovery rates, and revenue multiples may change the fair value of certain of our loans. Generally, an increase in market yields may result in a decrease in the fair value of certain of our loans, while a decrease in revenue multiples and recovery rates may result in a decrease in the fair value of certain of our loans; however, this is mitigated to the extent our loans bear interest at a floating rate.

Due to the inherent uncertainty of determining the fair value of loans that do not have a readily available market value, the fair value of our loans may fluctuate from period to period. Additionally, the fair value of our loans may differ significantly from the values that would have been used had a ready market existed for such loans and may differ materially from the values that we may ultimately realize. Further, such loans are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If we were required to liquidate our investment in a loan in a forced or liquidation sale, we could realize significantly less than the value at which we had recorded such loan investment.

#### **Changes in Market Interest Rates and Effect on Net Interest Income**

Interest rates are highly sensitive to many factors, including fiscal and monetary policies and domestic and international economic and political considerations, as well as other factors beyond our control. We are subject to interest rate risk in connection with our assets and our related financing obligations.



Our operating results depend in large part on differences between the income earned on our assets and our cost of borrowing. The cost of our borrowings generally will be based on prevailing market interest rates. During a period of rising interest rates, our borrowing costs generally will increase (a) while the yields earned on our leveraged fixed-rate loan assets will remain static, and (b) at a faster pace than the yields earned on our leveraged floating-rate loan assets, which could result in a decline in our net interest spread and net interest margin. The severity of any such decline would depend on our asset/liability composition at the time as well as the magnitude and duration of the interest rate increase. Further, an increase in short-term interest rates could also have a negative impact on the market value of our target investments. If any of these events happen, we could experience a decrease in net income or incur a net loss during these periods, which could adversely affect our liquidity and results of operations.

We are exposed to market risks in the ordinary course of our business. These risks primarily relate to fluctuations in interest rates. Our loans are typically valued using a yield analysis, which is typically performed for non-credit impaired loans to borrowers. Alternative valuation methodologies may be used as appropriate, and can include a market analysis, income analysis, or recovery analysis. Changes in market yields, revenue multiples, and recovery rates may change the fair value of certain of our loans. Generally, an increase in market yields may result in a decrease in the fair value of certain of our loans, while a decrease in revenue multiples and recovery rates may result in a decrease in the fair value of certain of our loans; however, this is mitigated to the extent our loans bear interest at a floating rate. As of June 30, 2026, we had 13 floating-rate loans, representing approximately 96% of our portfolio based on aggregate outstanding principal balances. These floating benchmark rates included one-month SOFR quoted at 3.7% and subject to a weighted average floor of 3.9%, and U.S. prime rate quoted at 6.75% and subject to a weighted average floor of 8.0% based on outstanding principal. We estimate that a hypothetical 100 basis points increase in the floating benchmark rate would result in an increase in annual interest income of approximately \$2.9 million and a hypothetical 100 basis points decrease in the floating benchmark rate would result in a decrease in annual interest income of approximately \$0.7 million due to the effects of the benchmark floor. Our investment in the unconsolidated real estate joint venture is not reflected in this interest income sensitivity analysis, although changes in market interest rates may indirectly affect the value and performance of that investment by influencing hotel operating performance, capitalization rates, financing availability and the terms of any sale or refinancing involving the underlying property.

### **Interest Rate Cap Risk**

We originate both fixed and floating rate loans. These are assets in which the loans may be subject to periodic and lifetime interest rate caps and floors, which limit the amount by which the asset's interest yield may change during any given period. However, our future borrowing costs pursuant to our potential financing agreements may not be subject to similar restrictions. Therefore, in a period of increasing interest rates, interest rate costs on our borrowings could increase without limitation by caps, while the interest-rate yields on our floating-rate assets would effectively be limited. In addition, floating-rate assets may be subject to periodic payment caps that result in some portion of the interest being deferred and added to the principal outstanding. This could result in our receipt of cash income from such assets in an amount that is less than the amount that we would need to pay the interest cost on our related borrowings. These factors could lower our net interest income or cause a net loss during periods of rising interest rates, which would harm our financial condition, cash flows and results of operations.

### **Interest Rate Mismatch Risk**

We may fund a portion of our origination of loans, or of loans that we may in the future acquire, with borrowings that are based on various benchmarks, while the interest rates on these assets may be fixed or indexed to SOFR, U.S. prime rate, or another index rate. Accordingly, any increase in an index rate will generally result in an increase in our borrowing costs that would not be matched by fixed-rate interest earnings and may not be matched by a corresponding increase in floating-rate interest earnings. Any such interest rate mismatch could adversely affect our profitability, which may negatively impact distributions to our shareholders.

Our analysis of risks is based on our Manager's experience, estimates, models and assumptions. These analyses rely on models which utilize estimates of fair value and interest rate sensitivity. Actual economic conditions or implementation of decisions by our Manager and our management may produce results that differ significantly from the estimates and assumptions used in our models and the projected results.

### **Credit Risk**

We are subject to varying degrees of credit risk in connection with our loans and interest receivable. Our Manager seeks to mitigate this risk by seeking to originate loans, and may in the future acquire loans, of higher quality at appropriate prices given anticipated and unanticipated losses, by employing a comprehensive review and selection process and by proactively



monitoring originated and acquired loans. Nevertheless, unanticipated credit losses could occur that could adversely impact our operating results.

We expect to be subject to varying degrees of credit risk in connection with holding our portfolio of loans. We will have exposure to credit risk on our commercial real estate loans and other targeted types of loans. Our Manager will seek to manage credit risk by performing deep credit fundamental analysis of potential assets and through the use of non-recourse financing, when and where available and appropriate.

Credit risk will also be addressed through our Manager's ongoing review, and loans will be monitored for variance from expected prepayments, defaults, severities, losses and cash flow on a quarterly basis.

Our Investment Guidelines are not subject to any limits or proportions with respect to the mix of target investments that we make or that we may in the future acquire other than as necessary to maintain our exemption from registration under the Investment Company Act and our qualification as a REIT. Our investment decisions will depend on prevailing market conditions and may change over time in response to opportunities available in different interest rate, economic and credit environments. As a result, we cannot predict the percentage of our capital that will be invested in any individual target investment at any given time.

Our loan portfolio as of June 30, 2026 was concentrated with the top three borrowers representing approximately 43.9% of the aggregate outstanding principal balances and approximately 36.9% of the total loan commitments. We made our first investment in January 2024 and expect to continue to diversify our loan portfolio as loans in our pipeline are evaluated and are originated through the deployment of our capital.

## **Real Estate Risk**

Commercial real estate loans are subject to volatility and may be affected adversely by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by industry slowdowns and other factors); local real estate conditions; changes or continued weakness in specific industry segments; construction quality, age and design; demographic factors; and retroactive changes to building or similar codes. In addition, decreases in property values reduce the value of the collateral and the potential proceeds available to a borrower to repay the underlying loan or loans, as the case may be, which could also cause us to suffer losses.

## **Item 4. Controls and Procedures**

### *Evaluation of Disclosure Controls and Procedures*

An evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Quarterly Report on Form 10-Q was made under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Based upon this evaluation, our CEO and CFO have concluded that our disclosure controls and procedures (a) are effective to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms and (b) include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Because of these and other inherent limitations of control systems, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

### *Changes in Internal Control over Financial Reporting*

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II - OTHER INFORMATION**



## **Item 1. Legal Proceedings**

From time to time, we may become involved in litigation or other legal proceedings relating to claims arising from the ordinary course of business. Furthermore, third parties may try to seek to impose liability on us in connection with our loans. As of June 30, 2026, we were not subject to any material pending legal proceedings to which we are a party or any of our assets are subject.

### **Item 1A. Risk Factors**

There have been no material changes to the risk factors disclosed in Item 1A - “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025, except as set forth below.

#### **Risks Relating to the Proposed Merger with SRT**

##### **Completion of the Merger remains subject to conditions that we cannot control.**

The Merger is subject to various closing conditions, including the approval of our stockholders and the stockholders of SRT. There are no assurances that all of the conditions necessary to consummate the Merger will be satisfied or that the conditions will be satisfied in the time frame expected.

##### **We may fail to realize all of the expected benefits of the Merger or those benefits may take longer to realize than expected.**

The full benefits of the Merger may not be realized by us as expected or may not be achieved within the anticipated time-frame, or at all. Failure to achieve the anticipated benefits of the Merger could adversely affect our results of operations or cash flows, cause dilution to our earnings per share or book value per share, decrease or delay the expected accretive effect of the Merger, and negatively impact the share price of our common stock.

In addition, we will be required to devote significant attention and resources prior to closing to prepare for the post-closing operation of the combined company. Post-closing, we may be required to devote significant attention and resources to successfully integrate SRT into our existing structure. This integration process may disrupt our business and, if ineffective, would limit the anticipated benefits of the Merger and could adversely affect our business.

##### **We will incur direct and indirect costs as a result of the Merger.**

We will incur substantial expenses in connection with and as a result of completing the SRT acquisition and, following completion, we may incur additional expenses in connection with combining the businesses, operations, policies and procedures of the two companies. Factors beyond our control could affect the total amount or timing of these expenses, many of which, by their nature, are difficult to estimate accurately.

## **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

### **Recent Sales of Unregistered Securities**

None.

### **Issuer Purchases of Equity Securities**

During the three months ended June 30, 2026, we did not repurchase any shares of our Common Stock.

## **Item 3. Defaults Upon Senior Securities**

None.

## **Item 4. Mine Safety Disclosures**

Not applicable.

## **Item 5. Other Information**

None.

**Item 6. Exhibits**

| <b>Exhibit No.</b>     | <b>Description of Exhibits</b>                                                                                                                                                                                   |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#">3.1</a>    | Articles of Amendment and Restatement of Sunrise Realty Trust, Inc. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K on July 3, 2024 and incorporated herein by reference).                     |
| <a href="#">3.2</a>    | Amended and Restated Bylaws of Sunrise Realty Trust, Inc. (filed as Exhibit 3.2 to Amendment No. 2 to the Company's Registration Statement on Form 10-12B on May 20, 2024 and incorporated herein by reference). |
| <a href="#">31.1*</a>  | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                              |
| <a href="#">31.2*</a>  | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                              |
| <a href="#">32.1**</a> | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                                                                              |
| <a href="#">32.2**</a> | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                                                                              |
| 101.INS                | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.                                           |
| 101.SCH                | Inline XBRL Taxonomy Extension Schema Document.                                                                                                                                                                  |
| 101.DEF                | Inline XBRL Taxonomy Extension Definition Linkbase Document.                                                                                                                                                     |
| 101.CAL                | Inline XBRL Taxonomy Extension Calculation Linkbase Document.                                                                                                                                                    |
| 101.LAB                | Inline XBRL Taxonomy Extension Label Linkbase Document.                                                                                                                                                          |
| 101.PRE                | Inline XBRL Taxonomy Extension Presentation Linkbase Document.                                                                                                                                                   |
| 104                    | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)                                                                                                                         |

\* Filed herewith

\*\* Furnished herewith

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 6, 2026

### **SUNRISE REALTY TRUST, INC.**

By: /s/ Brian Sedrish

Brian Sedrish

Chief Executive Officer

*(Principal Executive Officer)*

By: /s/ Brandon Hetzel

Brandon Hetzel

Chief Financial Officer and Treasurer

*(Principal Financial Officer and Principal Accounting Officer)*